

104TH CONGRESS  
2D SESSION

# H. R. 3460

To establish the Patent and Trademark Office as a Government corporation,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1996

Mr. MOORHEAD (for himself, Mrs. SCHROEDER, Mr. CONYERS, Mr. SENSENBRENNER, Mr. COBLE, Mr. GOODLATTE, Mr. BERMAN, Mr. BOUCHER, Mr. GALLEGLY, Mr. HOKE, Mr. NADLER, and Ms. LOFGREN) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To establish the Patent and Trademark Office as a  
Government corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Inventor Rights Pro-  
5 tection and Patent Reform Act of 1996”.

6 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—PATENT AND TRADEMARK OFFICE GOVERNMENT  
CORPORATION

Sec. 101. Short title.

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- Sec. 112. Powers and duties.
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### TITLE II—EARLY PUBLICATION OF PATENT APPLICATIONS

- Sec. 201. Short title.
- Sec. 202. Early publication.
- Sec. 203. Time for claiming benefit of earlier filing date.
- Sec. 204. Provisional rights.
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- Sec. 206. Cost recovery for publication.
- Sec. 207. Conforming changes.
- Sec. 208. Patent term extension authority.
- Sec. 209. Examining procedure improvements; further limited reexamination of patent applications.
- Sec. 210. Last day of pendency of provisional application.
- Sec. 211. Reporting requirement.
- Sec. 212. Effective date.

### TITLE III—PRIOR DOMESTIC COMMERCIAL USE

- Sec. 301. Short title.

- Sec. 302. Defense to patent infringement based on prior domestic commercial use.
- Sec. 303. Effective date and applicability.

#### TITLE IV—INVENTOR PROTECTION

- Sec. 401. Short title.
- Sec. 402. Invention development services.
- Sec. 403. Technical and conforming amendment.
- Sec. 404. Effective date.

#### TITLE V—PATENT REEXAMINATION REFORM

- Sec. 501. Short title.
- Sec. 502. Definitions.
- Sec. 503. Reexamination procedures.
- Sec. 504. Conforming amendments.
- Sec. 505. Effective date.

#### TITLE VI—MISCELLANEOUS PATENT PROVISIONS

- Sec. 601. Provisional applications.
- Sec. 602. International applications.
- Sec. 603. Plant patents.

# **TITLE I—PATENT AND TRADE- MARK OFFICE GOVERNMENT CORPORATION**

## **SEC. 101. SHORT TITLE.**

This title may be cited as the “Patent and Trade-  
mark Office Government Corporation Act of 1996”.

## **Subtitle A—United States Patent and Trademark Office**

## **SEC. 111. ESTABLISHMENT OF PATENT AND TRADEMARK OFFICE AS A GOVERNMENT CORPORATION.**

Section 1 of title 35, United States Code, is amended  
to read as follows:

### **“§ 1. Establishment**

“(a) ESTABLISHMENT.—The United States Patent  
and Trademark Office is established as a wholly owned

1 Government corporation subject to chapter 91 of title 31,  
2 and shall be an agency of the United States under the  
3 policy guidance of the Secretary of Commerce, except as  
4 otherwise provided in this title. For purposes of internal  
5 management, the United States Patent and Trademark  
6 Office shall be a corporate body not subject to supervision  
7 by any department, except as otherwise provided in this  
8 title.

9 “(b) OFFICES.—The United States Patent and  
10 Trademark Office shall maintain an office in the District  
11 of Columbia, or the metropolitan area thereof, for the  
12 service of process and papers and shall be deemed, for pur-  
13 poses of venue in civil actions, to be a resident of the dis-  
14 trict in which its principal office is located. The United  
15 States Patent and Trademark Office may establish offices  
16 in such other places as it considers necessary or appro-  
17 priate in the conduct of its business.

18 “(c) REFERENCE.—For purposes of this title, the  
19 United States Patent and Trademark Office shall also be  
20 referred to as the ‘Office’ and the ‘Patent and Trademark  
21 Office’.”.

22 **SEC. 112. POWERS AND DUTIES.**

23 Section 2 of title 35, United States Code, is amended  
24 to read as follows:

1 **“§ 2. Powers and Duties**

2 “(a) IN GENERAL.—The United States Patent and  
3 Trademark Office shall be responsible for—

4 “(1) the granting and issuing of patents and  
5 the registration of trademarks;

6 “(2) conducting studies, programs, or ex-  
7 changes of items or services regarding domestic and  
8 international patent and trademark law, the admin-  
9 istration of the Office, or any other function vested  
10 in the Office by law, including programs to recog-  
11 nize, identify, assess, and forecast the technology of  
12 patented inventions and their utility to industry;

13 “(3)(A) authorizing or conducting studies and  
14 programs cooperatively with foreign patent and  
15 trademark offices and international organizations, in  
16 connection with the granting and issuing of patents  
17 and the registration of trademarks; and

18 “(B) with the concurrence of the Secretary of  
19 State, authorizing the transfer of not to exceed  
20 \$100,000 in any year to the Department of State  
21 for the purpose of making special payments to inter-  
22 national intergovernmental organizations for studies  
23 and programs for advancing international coopera-  
24 tion concerning patents, trademarks, and related  
25 matters; and

1           “(4) disseminating to the public information  
2           with respect to patents and trademarks.

3   The special payments under paragraph (3)(B) may be in  
4   addition to any other payments or contributions to inter-  
5   national organizations described in paragraph (3)(B) and  
6   shall not be subject to any limitations imposed by law on  
7   the amounts of such other payments or contributions by  
8   the United States Government.

9           “(b) SPECIFIC POWERS.—The Office—

10           “(1) shall have perpetual succession;

11           “(2) shall adopt and use a corporate seal, which  
12           shall be judicially noticed and with which letters pat-  
13           ent, certificates of trademark registrations, and pa-  
14           pers issued by the Office shall be authenticated;

15           “(3) may sue and be sued in its corporate name  
16           and be represented by its own attorneys in all judi-  
17           cial and administrative proceedings, subject to the  
18           provisions of section 8;

19           “(4) may indemnify the Commissioner of Pat-  
20           ents and Trademarks, and other officers, attorneys,  
21           agents, and employees (including members of the  
22           Management Advisory Board established in section  
23           5) of the Office for liabilities and expenses incurred  
24           within the scope of their employment;

1           “(5) may adopt, amend, and repeal bylaws,  
2 rules, regulations, and determinations, which—

3           “(A) shall govern the manner in which its  
4 business will be conducted and the powers  
5 granted to it by law will be exercised;

6           “(B) shall be made after notice and oppor-  
7 tunity for full participation by interested public  
8 and private parties;

9           “(C) shall facilitate and expedite the proc-  
10 essing of patent applications, particularly those  
11 which can be filed, stored, processed, searched,  
12 and retrieved electronically, subject to the provi-  
13 sions of section 122 relating to the confidential  
14 status of applications; and

15           “(D) may govern the recognition and con-  
16 duct of agents, attorneys, or other persons rep-  
17 resenting applicants or other parties before the  
18 Office, and may require them, before being rec-  
19 ognized as representatives of applicants or  
20 other persons, to show that they are of good  
21 moral character and reputation and are pos-  
22 sessed of the necessary qualifications to render  
23 to applicants or other persons valuable service,  
24 advice, and assistance in the presentation or

1 prosecution of their applications or other busi-  
2 ness before the Office;

3 “(6) may acquire, construct, purchase, lease,  
4 hold, manage, operate, improve, alter, and renovate  
5 any real, personal, or mixed property, or any interest  
6 therein, as it considers necessary to carry out its  
7 functions;

8 “(7)(A) may make such purchases, contracts  
9 for the construction, maintenance, or management  
10 and operation of facilities, and contracts for supplies  
11 or services, without regard to the provisions of the  
12 Federal Property and Administrative Services Act of  
13 1949 (40 U.S.C. 471 and following), the Public  
14 Buildings Act (40 U.S.C. 601 and following), and  
15 the Stewart B. McKinney Homeless Assistance Act  
16 (42 U.S.C. 11301 and following); and

17 “(B) may enter into and perform such pur-  
18 chases and contracts for printing services, including  
19 the process of composition, platemaking, presswork,  
20 silk screen processes, binding, microform, and the  
21 products of such processes, as it considers necessary  
22 to carry out the functions of the Office, without re-  
23 gard to sections 501 through 517 and 1101 through  
24 1123 of title 44;



1           “(8) may use, with their consent, services,  
2           equipment, personnel, and facilities of other depart-  
3           ments, agencies, and instrumentalities of the Fed-  
4           eral Government, on a reimbursable basis, and co-  
5           operate with such other departments, agencies, and  
6           instrumentalities in the establishment and use of  
7           services, equipment, and facilities of the Office;

8           “(9) may obtain from the Administrator of  
9           General Services such services as the Administrator  
10          is authorized to provide to other agencies of the  
11          United States, on the same basis as those services  
12          are provided to other agencies of the United States;

13          “(10) may use, with the consent of the United  
14          States and the agency, government, or international  
15          organization concerned, the services, records, facili-  
16          ties, or personnel of any State or local government  
17          agency or instrumentality or foreign government or  
18          international organization to perform functions on  
19          its behalf;

20          “(11) may determine the character of and the  
21          necessity for its obligations and expenditures and  
22          the manner in which they shall be incurred, allowed,  
23          and paid, subject to the provisions of this title and  
24          the Act of July 5, 1946 (commonly referred to as  
25          the ‘Trademark Act of 1946’);

1           “(12) may retain and use all of its revenues  
2           and receipts, including revenues from the sale, lease,  
3           or disposal of any real, personal, or mixed property,  
4           or any interest therein, of the Office, including for  
5           research and development and capital investment,  
6           subject to the provisions of section 10101 of the  
7           Omnibus Budget Reconciliation Act of 1980 (35  
8           U.S.C. 41 note);

9           “(13) shall have the priority of the United  
10          States with respect to the payment of debts from  
11          bankrupt, insolvent, and decedents’ estates;

12          “(14) may accept monetary gifts or donations  
13          of services, or of real, personal, or mixed property,  
14          in order to carry out the functions of the Office;

15          “(15) may execute, in accordance with its by-  
16          laws, rules, and regulations, all instruments nec-  
17          essary and appropriate in the exercise of any of its  
18          powers;

19          “(16) may provide for liability insurance and  
20          insurance against any loss in connection with its  
21          property, other assets, or operations either by con-  
22          tract or by self-insurance; and

23          “(17) shall pay any settlement or judgment en-  
24          tered against it from the funds of the Office and not

1 from amounts available under section 1304 of title  
2 31.”.

3 **SEC. 113. ORGANIZATION AND MANAGEMENT.**

4 Section 3 of title 35, United States Code, is amended  
5 to read as follows:

6 **“§ 3. Officers and employees**

7 **“(a) COMMISSIONER.—**

8 **“(1) IN GENERAL.—**The management of the  
9 United States Patent and Trademark Office shall be  
10 vested in a Commissioner of Patents and Trade-  
11 marks (hereafter in this title referred to as the  
12 ‘Commissioner’), who shall be a citizen of the United  
13 States and who shall be appointed by the President,  
14 by and with the advice and consent of the Senate.  
15 The Commissioner shall be a person who, by reason  
16 of professional background and experience in patent  
17 or trademark law, is especially qualified to manage  
18 the Office.

19 **“(2) DUTIES.—**

20 **“(A) IN GENERAL.—**The Commissioner  
21 shall be responsible for the management and di-  
22 rection of the Office, including the issuance of  
23 patents and the registration of trademarks, and  
24 shall perform these duties in a fair, impartial,  
25 and equitable manner.

1           “(B) ADVISING THE PRESIDENT.—The  
2           Commissioner shall advise the President,  
3           through the Secretary of Commerce, of all ac-  
4           tivities of the Office undertaken in response to  
5           obligations of the United States under treaties  
6           and executive agreements, or which relate to co-  
7           operative programs with those authorities of  
8           foreign governments that are responsible for  
9           granting patents, registering trademarks, or  
10          other intellectual property rights. The Commis-  
11          sioner shall also recommend to the President,  
12          through the Secretary of Commerce, changes in  
13          law or policy which may improve the ability of  
14          United States citizens to secure and enforce  
15          patent rights, trademark rights, or other intel-  
16          lectual property rights in the United States or  
17          in foreign countries.

18          “(C) CONSULTING WITH THE MANAGE-  
19          MENT ADVISORY BOARD.—The Commissioner  
20          shall consult with the Management Advisory  
21          Board established in section 5 on a regular  
22          basis on matters relating to the operation of the  
23          Office, and shall consult with the Board before  
24          submitting budgetary proposals to the Office of  
25          Management and Budget or changing or pro-

1           posing to change patent or trademark user fees  
2           or patent or trademark regulations.

3           “(D) SECURITY CLEARANCES.—The Com-  
4           missioner, in consultation with the Director of  
5           the Office of Personnel Management, shall  
6           maintain a program for identifying national se-  
7           curity positions and providing for appropriate  
8           security clearances.

9           “(3) TERM.—The Commissioner shall serve a  
10          term of 5 years, and may continue to serve after the  
11          expiration of the Commissioner’s term until a suc-  
12          cessor is appointed and assumes office. The Com-  
13          missioner may be reappointed to subsequent terms.

14          “(4) OATH.—The Commissioner shall, before  
15          taking office, take an oath to discharge faithfully the  
16          duties of the Office.

17          “(5) COMPENSATION.—The Commissioner shall  
18          receive compensation at the rate of pay in effect for  
19          level II of the Executive Schedule under section  
20          5313 of title 5.

21          “(6) REMOVAL.—The Commissioner may be re-  
22          moved from office by the President only for cause.

23          “(7) DESIGNEE OF COMMISSIONER.—The Com-  
24          missioner shall designate an officer of the Office who  
25          shall be vested with the authority to act in the ca-

1       pacity of the Commissioner in the event of the ab-  
2       sence or incapacity of the Commissioner.

3       “(b) OFFICERS AND EMPLOYEES OF THE OFFICE.—

4               “(1) DEPUTY COMMISSIONERS.—The Commis-  
5       sioner shall appoint a Deputy Commissioner for Pat-  
6       ents and a Deputy Commissioner for Trademarks  
7       for terms that shall expire on the date on which the  
8       Commissioner’s term expires. The Deputy Commis-  
9       sioner for Patents shall be a person with dem-  
10      onstrated experience in patent law and the Deputy  
11      Commissioner for Trademarks shall be a person with  
12      demonstrated experience in trademark law. The  
13      Deputy Commissioner for Patents and the Deputy  
14      Commissioner for Trademarks shall be the principal  
15      policy and management advisors to the Commis-  
16      sioner on all aspects of the activities of the Office  
17      that affect the administration of patent and trade-  
18      mark operations, respectively.

19              “(2) OTHER OFFICERS AND EMPLOYEES.—The  
20      Commissioner shall—

21                      “(A) appoint an Inspector General and  
22                      such other officers, employees (including attor-  
23                      neys), and agents of the Office as the Commis-  
24                      sioner considers necessary to carry out its func-  
25                      tions;

1           “(B) fix the compensation of such officers  
2           and employees, except as provided in subsection  
3           (e); and

4           “(C) define the authority and duties of  
5           such officers and employees and delegate to  
6           them such of the powers vested in the Office as  
7           the Commissioner may determine.

8           The Office shall not be subject to any administra-  
9           tively or statutorily imposed limitation on positions  
10          or personnel, and no positions or personnel of the  
11          Office shall be taken into account for purposes of  
12          applying any such limitation.

13          “(c) LIMITS ON COMPENSATION.—Except as other-  
14          wise provided by law, the annual rate of basic pay of an  
15          officer or employee of the Office may not be fixed at a  
16          rate that exceeds, and total compensation payable to any  
17          such officer or employee for any year may not exceed, the  
18          annual rate of basic pay in effect for the Commissioner  
19          for the year involved. The Commissioner shall prescribe  
20          such regulations as may be necessary to carry out this  
21          subsection.

22          “(d) INAPPLICABILITY OF TITLE 5 GENERALLY.—  
23          Except as otherwise provided in this section, officers and  
24          employees of the Office shall not be subject to the provi-  
25          sions of title 5 relating to Federal employees.

1       “(e) CONTINUED APPLICABILITY OF CERTAIN PRO-  
2 VISION OF TITLE 5.—

3               “(1) IN GENERAL.—The following provisions of  
4 title 5 shall apply to the Office and its officers and  
5 employees:

6                       “(A) Section 3110 (relating to employment  
7 of relatives; restrictions).

8                       “(B) Subchapter II of chapter 55 (relating  
9 to withholding pay).

10                      “(C) Subchapter II of chapter 73 (relating  
11 to employment limitations).

12                      “(D) Chapter 71 (relating to labor-man-  
13 agement relations), subject to paragraph (2)  
14 and subsection (g).

15               “(2) COMPENSATION SUBJECT TO COLLECTIVE  
16 BARGAINING.—

17                      “(A) IN GENERAL.—Notwithstanding any  
18 other provision of law, for purposes of applying  
19 chapter 71 of title 5 pursuant to paragraph  
20 (1)(D), basic pay and other forms of compensa-  
21 tion shall be considered to be among the mat-  
22 ters as to which the duty to bargain in good  
23 faith extends under such chapter.

24                      “(B) EXCEPTIONS.—The duty to bargain  
25 in good faith shall not, by reason of subpara-



1 graph (A), be considered to extend to any bene-  
2 fit under title 5 which is afforded by paragraph  
3 (1), (2), (3), or (4) of subsection (f).

4 “(C) LIMITATIONS APPLY.—Nothing in  
5 this subsection shall be considered to allow any  
6 limitation under subsection (c) to be exceeded.

7 “(f) PROVISIONS OF TITLE 5 RELATING TO CERTAIN  
8 BENEFITS.—

9 “(1) RETIREMENT.—(A) Officers and employ-  
10 ees of the Office shall not become ineligible to par-  
11 ticipate in the retirement program under subchapter  
12 III of chapter 83 or under chapter 84 of title 5 by  
13 reason of subsection (d).

14 “(B)(i) The amount required of the Office  
15 under the second sentence of section 8334(a)(1) of  
16 title 5 with respect to any particular individual shall,  
17 instead of the amount which would otherwise apply,  
18 be equal to the normal-cost percentage (determined  
19 with respect to officers and employees of the Office  
20 using dynamic assumptions, as defined by section  
21 8401(9) of such title) of the individual’s basic pay,  
22 minus the amount required to be withheld from such  
23 pay under such section 8334(a)(1).

24 “(ii) The amount required of the Office under  
25 section 8334(k)(1)(B) of title 5 with respect to any

1 particular individual shall be equal to an amount  
2 computed in a manner similar to that specified in  
3 clause (i), as determined in accordance with clause  
4 (iii).

5 “(iii) Any regulations necessary to carry out  
6 this subparagraph shall be prescribed by the Office  
7 of Personnel Management.

8 “(C) The United States Patent and Trademark  
9 Office may supplement the benefits provided under  
10 the preceding provisions of this paragraph.

11 “(2) HEALTH BENEFITS.—(A) Officers and em-  
12 ployees of the Office shall not become ineligible to  
13 participate in the health benefits program under  
14 chapter 89 of title 5 by reason of subsection (d).

15 “(B)(i) With respect to any individual who be-  
16 comes an officer or employee of the Office pursuant  
17 to subsection (h), the eligibility of such individual to  
18 participate in such program as an annuitant (or of  
19 any other person to participate in such program as  
20 an annuitant based on the death of such individual)  
21 shall be determined disregarding the requirements of  
22 section 8905(b) of title 5. The preceding sentence  
23 shall not apply if the individual ceases to be an offi-  
24 cer or employee of the Office for any period of time

1 after becoming an officer or employee of the Office  
2 pursuant to subsection (h) and before separation.

3 “(ii) The Government contributions authorized  
4 by section 8906 for health benefits for anyone par-  
5 ticipating in the health benefits program pursuant to  
6 this subparagraph shall be made by the Office in the  
7 same manner as provided under section 8906(g)(2)  
8 of title 5 with respect to the United States Postal  
9 Service for individuals associated therewith.

10 “(iii) For purposes of this subparagraph, the  
11 term ‘annuitant’ has the meaning given such term  
12 by section 8901(3) of title 5.

13 “(C) The Office may supplement the benefits  
14 provided under the preceding provisions of this para-  
15 graph.

16 “(3) LIFE INSURANCE.—(A) Officers and em-  
17 ployees of the Office shall not become ineligible to  
18 participate in the life insurance program under  
19 chapter 87 of title 5 by reason of subsection (d).

20 “(B)(i) Eligibility for life insurance coverage  
21 after retirement or while in receipt of compensation  
22 under subchapter I of chapter 81 of title 5 shall be  
23 determined, in the case of any individual who be-  
24 comes an officer or employee of the Office pursuant  
25 to subsection (h), without regard to the require-

1       ments of section 8706(b) (1) or (2), but subject to  
2       the condition specified in the last sentence of para-  
3       graph (2)(B)(i) of this subsection.

4           “(ii) Government contributions under section  
5       8708(d) on behalf of any such individual shall be  
6       made by the Office in the same manner as provided  
7       under paragraph (3) thereof with respect to the  
8       United States Postal Service for individuals associ-  
9       ated therewith.

10          “(C) The Office may supplement the benefits  
11       provided under the preceding provisions of this para-  
12       graph.

13          “(4) EMPLOYEES’ COMPENSATION FUND.—(A)  
14       Officers and employees of the Office shall not be-  
15       come ineligible to participate in the program under  
16       chapter 89 of title 5, relating to compensation for  
17       work injuries, by reason of subsection (d).

18          “(B) The Office shall remain responsible for re-  
19       imbursing the Employees’ Compensation Fund, pur-  
20       suant to section 8147 of title 5, for compensation  
21       paid or payable after the effective date of the Patent  
22       and Trademark Office Government Corporation Act  
23       of 1996 in accordance with chapter 81 of title 5 with  
24       regard to any injury, disability, or death due to

1 events arising before such date, whether or not a  
2 claim has been filed or is final on such date.

3 “(g) LABOR-MANAGEMENT RELATIONS.—

4 “(1) LABOR RELATIONS AND EMPLOYEE RELA-  
5 TIONS PROGRAMS.—The Office shall develop labor  
6 relations and employee relations programs with the  
7 objective of improving productivity and efficiency, in-  
8 corporating the following principles:

9 “(A) Such programs shall be consistent  
10 with the merit principles in section 2301(b) of  
11 title 5.

12 “(B) Such programs shall provide veterans  
13 preference protections equivalent to those estab-  
14 lished by sections 2108, 3308–3318, and 3320  
15 of title 5.

16 “(C)(i) The right to work shall not be sub-  
17 ject to undue restraint or coercion. The right to  
18 work shall not be infringed or restricted in any  
19 way based on membership in, affiliation with, or  
20 financial support of a labor organization.

21 “(ii) No person shall be required, as a con-  
22 dition of employment or continuation of employ-  
23 ment—

24 “(I) to resign or refrain from vol-  
25 untary membership in, voluntary affiliation

1 with, or voluntary financial support of a  
2 labor organization;

3 “(II) to become or remain a member  
4 of a labor organization;

5 “(III) to pay any dues, fees, assess-  
6 ments, or other charges of any kind or  
7 amount to a labor organization;

8 “(IV) to pay to any charity or other  
9 third party, in lieu of such payments, any  
10 amount equivalent to or a pro-rata portion  
11 of dues, fees, assessments, or other charges  
12 regularly required of members of a labor  
13 organization; or

14 “(V) to be recommended, approved,  
15 referred, or cleared by or through a labor  
16 organization.

17 “(iii) This subparagraph shall not apply to  
18 a person described in section 7103(a)(2)(v) of  
19 title 5 or a ‘supervisor’, ‘management official’,  
20 or ‘confidential employee’ as those terms are  
21 defined in 7103(a)(10), (11), and (13) of such  
22 title.

23 “(iv) Any labor organization recognized by  
24 the Office as the exclusive representative of a  
25 unit of employees of the Office shall represent

1           the interests of all employees in that unit with-  
2           out discrimination and without regard to labor  
3           organization membership.

4           “(2) ADOPTION OF EXISTING LABOR AGREE-  
5           MENTS.—The Office shall adopt all labor agreements  
6           which are in effect, as of the day before the effective  
7           date of the Patent and Trademark Office Govern-  
8           ment Corporation Act of 1996, with respect to such  
9           Office (as then in effect).

10          “(h) CARRYOVER OF PERSONNEL.—

11           “(1) FROM PTO.—Effective as of the effective  
12           date of the Patent and Trademark Office Govern-  
13           ment Corporation Act of 1996, all officers and em-  
14           ployees of the Patent and Trademark Office on the  
15           day before such effective date shall become officers  
16           and employees of the Office, without a break in serv-  
17           ice.

18           “(2) OTHER PERSONNEL.—Any individual who,  
19           on the day before the effective date of the Patent  
20           and Trademark Office Government Corporation Act  
21           of 1996, is an officer or employee of the Department  
22           of Commerce (other than an officer or employee  
23           under paragraph (1)) shall be transferred to the Of-  
24           fice if—

1           “(A) such individual serves in a position  
2           for which a major function is the performance  
3           of work reimbursed by the Patent and Trade-  
4           mark Office, as determined by the Secretary of  
5           Commerce;

6           “(B) such individual serves in a position  
7           that performed work in support of the Patent  
8           and Trademark Office during at least half of  
9           the incumbent’s work time, as determined by  
10          the Secretary of Commerce; or

11          “(C) such transfer would be in the interest  
12          of the Office, as determined by the Secretary of  
13          Commerce in consultation with the Commis-  
14          sioner of Patents and Trademarks.

15          Any transfer under this paragraph shall be effective  
16          as of the same effective date as referred to in para-  
17          graph (1), and shall be made without a break in  
18          service.

19          “(3) ACCUMULATED LEAVE.—The amount of  
20          sick and annual leave and compensatory time accu-  
21          mulated under title 5 before the effective date de-  
22          scribed in paragraph (1), by those becoming officers  
23          or employees of the Office pursuant to this sub-  
24          section, are obligations of the Office.



1           “(4) TERMINATION RIGHTS.—Any employee re-  
2       ferred to in paragraph (1) or (2) of this subsection  
3       whose employment with the Office is terminated  
4       during the 2-year period beginning on the effective  
5       date of the Patent and Trademark Office Govern-  
6       ment Corporation Act of 1996 shall be entitled to  
7       rights and benefits, to be afforded by the Office,  
8       similar to those such employee would have had  
9       under Federal law if termination had occurred im-  
10      mediately before such date. An employee who would  
11      have been entitled to appeal any such termination to  
12      the Merit Systems Protection Board, if such termi-  
13      nation had occurred immediately before such effec-  
14      tive date, may appeal any such termination occur-  
15      ring within this 2-year period to the Board under  
16      such procedures as it may prescribe.

17           “(5) CONTINUATION IN OFFICE OF CERTAIN  
18      OFFICERS.—(A) The individual serving as the Com-  
19      missioner of Patents and Trademarks on the day be-  
20      fore the effective date of the Patent and Trademark  
21      Office Government Corporation Act of 1996 may  
22      serve as the Commissioner until the date on which  
23      a Commissioner is appointed under subsection (a).

24           “(B) The individual serving as the Assistant  
25      Commissioner for Patents on the day before the ef-

1       fective date of the Patent and Trademark Office  
2       Government Corporation Act of 1996 may serve as  
3       the Deputy Commissioner for Patents until the date  
4       on which a Deputy Commissioner for Patents is ap-  
5       pointed under subsection (b).

6           “(C) The individual serving as the Assistant  
7       Commissioner for Trademarks on the day before the  
8       effective date of the Patent and Trademark Office  
9       Government Corporation Act of 1996 may serve as  
10      the Deputy Commissioner for Trademarks until the  
11      date on which a Deputy Commissioner for Trade-  
12      marks is appointed under subsection (b).

13      “(i) COMPETITIVE STATUS.—For purposes of ap-  
14      pointment to a position in the competitive service for  
15      which an officer or employee of the Office is qualified,  
16      such officer or employee shall not forfeit any competitive  
17      status, acquired by such officer or employee before the ef-  
18      fective date of the Patent and Trademark Office Govern-  
19      ment Corporation Act of 1996, by reason of becoming an  
20      officer or employee of the Office pursuant to subsection  
21      (h).

22      “(j) SAVINGS PROVISIONS.—

23           “(1) IN GENERAL.—Compensation, benefits,  
24      and other terms and conditions of employment in ef-  
25      fect immediately before the effective date of the Pat-

ent and Trademark Office Government Corporation Act of 1996, whether provided by statute or by rules and regulations of the former Patent and Trademark Office or the executive branch of the Government of the United States, shall continue to apply to officers and employees of the Office, until changed in accordance with this section (whether by action of the Commissioner or otherwise).

“(2) PROVISIONS SPECIFIC TO BASIC PAY.—

With respect to any individual who becomes an officer or employee of the Office pursuant to subsection (h), the rate of basic pay for such officer or employee may not, on or after the effective date of the Patent and Trademark Office Government Corporation Act of 1996, be less than the rate in effect immediately before such effective date, except—

“(A) pursuant to a collective-bargaining agreement entered into under this section; or

“(B) for inefficiency, neglect of duty, or misconduct, on the part of such individual.

For purposes of this subparagraph, the term ‘basic pay’ includes any amount considered to be part of basic pay for purposes of subchapter III of chapter 83 or chapter 84 of title 5.

1 “(k) REMOVAL OF QUASI-JUDICIAL EXAMINERS.—  
 2 The Office may remove a patent examiner or examiner-  
 3 in-chief, or a trademark examiner or member of a Trade-  
 4 mark Trial and Appeal Board, only for such cause as will  
 5 promote the efficiency of the Office.”.

6 **SEC. 114. MANAGEMENT ADVISORY BOARD.**

7 Chapter 1 of part I of title 35, United States Code,  
 8 is amended by inserting after section 4 the following:

9 **“§ 5. Patent and Trademark Office Management Advi-  
 10 sory Board**

11 **“(a) ESTABLISHMENT OF MANAGEMENT ADVISORY  
 12 BOARD.—**

13 **“(1) APPOINTMENT.—**The United States Pat-  
 14 ent and Trademark Office shall have a Management  
 15 Advisory Board (hereafter in this title referred to as  
 16 the ‘Board’) of 12 members, 4 of whom shall be ap-  
 17 pointed by the President, 4 of whom shall be ap-  
 18 pointed by the Speaker of the House of Representa-  
 19 tives, and 4 of whom shall be appointed by the  
 20 President pro tempore of the Senate. Not more than  
 21 3 of the 4 members appointed by each appointing  
 22 authority shall be members of the same political  
 23 party.

24 **“(2) TERMS.—**Members of the Board shall be  
 25 appointed for a term of 4 years each, except that of

1 the members first appointed by each appointing au-  
2 thority, 1 shall be for a term of 1 year, 1 shall be  
3 for a term of 2 years, and 1 shall be for a term of  
4 3 years. No member may serve more than 1 term.

5 “(3) CHAIR.—The President shall designate the  
6 chair of the Board, whose term as chair shall be for  
7 3 years.

8 “(4) TIMING OF APPOINTMENTS.—Initial ap-  
9 pointments to the Board shall be made within 3  
10 months after the effective date of the Patent and  
11 Trademark Office Government Corporation Act of  
12 1996, and vacancies shall be filled within 3 months  
13 after they occur.

14 “(5) VACANCIES.—Vacancies shall be filled in  
15 the manner in which the original appointment was  
16 made under this subsection. Members appointed to  
17 fill a vacancy occurring before the expiration of the  
18 term for which the member’s predecessor was ap-  
19 pointed shall be appointed only for the remainder of  
20 that term. A member may serve after the expiration  
21 of that member’s term until a successor is ap-  
22 pointed.

23 “(6) COMMITTEES.—The Chair shall designate  
24 members of the Board to serve on a committee on  
25 patent operations and on a committee on trademark

1 operations to perform the duties set forth in sub-  
2 section (e) as they relate specifically to the Office’s  
3 patent operations, and the Office’s trademark oper-  
4 ations, respectively.

5 “(b) BASIS FOR APPOINTMENTS.—Members of the  
6 Board shall be citizens of the United States who shall be  
7 chosen so as to represent the interests of diverse users  
8 of the United States Patent and Trademark Office, and  
9 shall include individuals with substantial background and  
10 achievement in corporate finance and management.

11 “(c) APPLICABILITY OF CERTAIN ETHICS LAWS.—  
12 Members of the Board shall be special Government em-  
13 ployees within the meaning of section 202 of title 18.

14 “(d) MEETINGS.—The Board shall meet at the call  
15 of the chair to consider an agenda set by the chair.

16 “(e) DUTIES.—The Board shall—

17 “(1) review the policies, goals, performance,  
18 budget, and user fees of the United States Patent  
19 and Trademark Office, and advise the Commissioner  
20 on these matters; and

21 “(2) within 60 days after the end of each fiscal  
22 year, prepare an annual report on the matters re-  
23 ferred to in paragraph (1), transmit the report to  
24 the President and the Committees on the Judiciary  
25 of the Senate and the House of Representatives, and

1 publish the report in the Patent and Trademark Of-  
2 fice Official Gazette.

3 “(f) COMPENSATION.—Members of the Board shall  
4 be compensated for each day (including travel time) dur-  
5 ing which they are attending meetings or conferences of  
6 the Board or otherwise engaged in the business of the  
7 Board, at the rate which is the daily equivalent of the an-  
8 nual rate of basic pay in effect for level III of the Execu-  
9 tive Schedule under section 5314 of title 5, and while away  
10 from their homes or regular places of business they may  
11 be allowed travel expenses, including per diem in lieu of  
12 subsistence, as authorized by section 5703 of title 5.

13 “(g) ACCESS TO INFORMATION.—Members of the  
14 Board shall be provided access to records and information  
15 in the United States Patent and Trademark Office, except  
16 for personnel or other privileged information and informa-  
17 tion concerning patent applications required to be kept in  
18 confidence by section 122.”.

19 **SEC. 115. CONFORMING AMENDMENTS.**

20 (a) DUTIES OF COMMISSIONER.—Section 6 of title  
21 35, United States Code, and the item relating to such sec-  
22 tion in the table of contents for chapter 1 of title 35, Unit-  
23 ed States Code, are repealed.

24 (b) REGULATIONS FOR AGENTS AND ATTORNEYS.—  
25 Section 31 of title 35, United States Code, and the item

1 relating to such section in the table of contents for chapter  
2 3 of title 35, United States Code, are repealed.

3 **SEC. 116. TRADEMARK TRIAL AND APPEAL BOARD.**

4 Section 17 of the Act of July 5, 1946 (commonly re-  
5 ferred to as the “Trademark Act of 1946”) (15 U.S.C.  
6 1067) is amended to read as follows:

7 “SEC. 17. (a) In every case of interference, opposition  
8 to registration, application to register as a lawful concur-  
9 rent user, or application to cancel the registration of a  
10 mark, the Commissioner shall give notice to all parties and  
11 shall direct a Trademark Trial and Appeal Board to deter-  
12 mine and decide the respective rights of registration.

13 “(b) The Trademark Trial and Appeal Board shall  
14 include the Commissioner, the Deputy Commissioner for  
15 Patents, the Deputy Commissioner for Trademarks, and  
16 members competent in trademark law who are appointed  
17 by the Commissioner.”.

18 **SEC. 117. BOARD OF PATENT APPEALS AND INTER-**  
19 **FERENCES.**

20 Section 7 of title 35, United States Code, is amended  
21 to read as follows:

22 **“§ 7. Board of Patent Appeals and Interferences**

23 “(a) ESTABLISHMENT AND COMPOSITION.—There  
24 shall be in the United States Patent and Trademark Of-  
25 fice a Board of Patent Appeals and Interferences. The



1 Commissioner, the Deputy Commissioner for Patents, the  
 2 Deputy Commissioner for Trademarks, and the examin-  
 3 ers-in-chief shall constitute the Board. The examiners-in-  
 4 chief shall be persons of competent legal knowledge and  
 5 scientific ability.

6 “(b) DUTIES.—The Board of Patent Appeals and  
 7 Interferences shall, on written appeal of an applicant, re-  
 8 view adverse decisions of examiners upon applications for  
 9 patents and shall determine priority and patentability of  
 10 invention in interferences declared under section 135(a).  
 11 Each appeal and interference shall be heard by at least  
 12 3 members of the Board, who shall be designated by the  
 13 Commissioner. Only the Board of Patent Appeals and  
 14 Interferences may grant rehearings.”.

15 **SEC. 118. SUITS BY AND AGAINST THE OFFICE.**

16 Chapter 1 of part I of title 35, United States Code,  
 17 is amended—

18 (1) by redesignating sections 8 through 14 as  
 19 sections 9 through 15; and

20 (2) by inserting after section 7 the following  
 21 new section:

22 **“§ 8. Suits by and against the Office**

23 **“(a) IN GENERAL.—**

24 **“(1) ACTIONS UNDER UNITED STATES LAW.—**

25 Any civil action or proceeding to which the United

1 States Patent and Trademark Office is a party is  
2 deemed to arise under the laws of the United States.  
3 The Federal courts shall have exclusive jurisdiction  
4 over all civil actions by or against the Office.

5 “(2) CONTRACT CLAIMS.—Any action or pro-  
6 ceeding against the Office in which any claim is cog-  
7 nizable under the Contract Disputes Act of 1978 (41  
8 U.S.C. 601 and following) shall be subject to that  
9 Act. For purposes of that Act, the Commissioner  
10 shall be deemed to be the agency head with respect  
11 to contract claims arising with respect to the Office.  
12 Any other action or proceeding against the Office  
13 founded upon contract may be brought in an appro-  
14 priate district court, notwithstanding any provision  
15 of title 28.

16 “(3) TORT CLAIMS.—(A) Any action or pro-  
17 ceeding against the Office in which any claim is cog-  
18 nizable under the provisions of section 1346(b) and  
19 chapter 171 of title 28, shall be governed by those  
20 provisions.

21 “(B) Any other action or proceeding against the  
22 Office founded upon tort may be brought in an ap-  
23 propriate district court without regard to the provi-  
24 sions of section 1346(b) and chapter 171 of title 28.

1           “(4) PROHIBITION ON ATTACHMENT, LIENS,  
2           ETC.—No attachment, garnishment, lien, or similar  
3           process, intermediate or final, in law or equity, may  
4           be issued against property of the Office.

5           “(5) SUBSTITUTION OF OFFICE AS PARTY.—  
6           The Office shall be substituted as defendant in any  
7           civil action or proceeding against an officer or em-  
8           ployee of the Office, if the Office determines that the  
9           officer or employee was acting within the scope of  
10          his or her employment with the Office. If the Office  
11          refuses to certify scope of employment, the officer or  
12          employee may at any time before trial petition the  
13          court to find and certify that the officer or employee  
14          was acting within the scope of his or her employ-  
15          ment. Upon certification by the court, the Office  
16          shall be substituted as the party defendant. A copy  
17          of the petition shall be served upon the Office. In  
18          any such civil action or proceeding to which para-  
19          graph (3)(A) applies, the provisions of section  
20          1346(b) and chapter 171 of title 28 shall apply in  
21          lieu of this paragraph.

22          “(b) RELATIONSHIP WITH JUSTICE DEPARTMENT.—

23               “(1) EXERCISE BY OFFICE OF ATTORNEY GEN-  
24               ERAL’S AUTHORITIES.—Except as provided in this  
25               section, with respect to any action or proceeding in

1       which the Office is a party or an officer or employee  
2       thereof is a party in his or her official capacity, the  
3       Office, officer, or employee may exercise, without  
4       prior authorization from the Attorney General, the  
5       authorities and duties that otherwise would be exer-  
6       cised by the Attorney General on behalf of the Of-  
7       fice, officer, or employee under title 28 or other  
8       laws.

9               “(2) APPEARANCES BY ATTORNEY GENERAL.—  
10       Notwithstanding paragraph (1), at any time the At-  
11       torney General may, in any action or proceeding de-  
12       scribed in paragraph (1), file an appearance on be-  
13       half of the Office or the officer or employee involved,  
14       without the consent of the Office or the officer or  
15       employee. Upon such filing, the Attorney General  
16       shall represent the Office or such officer or employee  
17       with exclusive authority in the conduct, settlement,  
18       or compromise of that action or proceeding.

19               “(3) CONSULTATIONS WITH AND ASSISTANCE  
20       BY ATTORNEY GENERAL.—The Office may consult  
21       with the Attorney General concerning any legal mat-  
22       ter, and the Attorney General shall provide advice  
23       and assistance to the Office, including representing  
24       the Office in litigation, if requested by the Office.

1           “(4) REPRESENTATION BEFORE SUPREME  
2 COURT.—The Attorney General shall represent the  
3 Office in all cases before the United States Supreme  
4 Court.

5           “(5) QUALIFICATIONS OF ATTORNEYS.—An at-  
6 torney admitted to practice to the bar of the highest  
7 court of at least one State in the United States or  
8 the District of Columbia and employed by the Office  
9 may represent the Office in any legal proceeding in  
10 which the Office or an officer or employee of the Of-  
11 fice is a party or interested, regardless of whether  
12 the attorney is a resident of the jurisdiction in which  
13 the proceeding is held and notwithstanding any  
14 other prerequisites of qualification or appearance re-  
15 quired by the court or administrative body before  
16 which the proceeding is conducted.”.

17 **SEC. 119. ANNUAL REPORT OF COMMISSIONER.**

18       Section 15 of title 35, United States Code, as redesign-  
19 nated by section 118 of this Act, is amended to read as  
20 follows:

21 **“§ 15. Annual report to Congress**

22       “The Commissioner shall report to the Congress, not  
23 later than 180 days after the end of each fiscal year, the  
24 moneys received and expended by the Office, the purposes  
25 for which the moneys were spent, the quality and quantity

1 of the work of the Office, and other information relating  
2 to the Office. The report under this section shall also meet  
3 the requirements of section 9106 of title 31, to the extent  
4 that such requirements are not inconsistent with the pre-  
5 ceding sentence. The report required under this section  
6 shall be deemed to be the report of the United States Pat-  
7 ent and Trademark Office under section 9106 of title 31,  
8 and the Commissioner shall not file a separate report  
9 under such section.”.

10 **SEC. 120. SUSPENSION OR EXCLUSION FROM PRACTICE.**

11 Section 32 of title 35, United States Code, is amend-  
12 ed by inserting before the last sentence the following: “The  
13 Commissioner shall have the discretion to designate any  
14 attorney who is an officer or employee of the United  
15 States Patent and Trademark Office to conduct the hear-  
16 ing required by this section.”.

17 **SEC. 121. FUNDING.**

18 Section 42 of title 35, United States Code, is amend-  
19 ed to read as follows:

20 **“§ 42. Patent and Trademark Office funding**

21 “(a) FEES PAYABLE TO THE OFFICE.—All fees for  
22 services performed by or materials furnished by the Unit-  
23 ed States Patent and Trademark Office shall be payable  
24 to the Office.

1       “(b) USE OF MONEYS.—Moneys of the United States  
2 Patent and Trademark Office not otherwise used to carry  
3 out the functions of the Office shall be kept in cash on  
4 hand or on deposit, or invested in obligations of the United  
5 States or guaranteed by the United States, or in obliga-  
6 tions or other instruments which are lawful investments  
7 for fiduciary, trust, or public funds. Fees available to the  
8 Commissioner under this title shall be used for the proc-  
9 essing of patent applications and for other services and  
10 materials relating to patents. Fees available to the Com-  
11 missioner under section 31 of the Act of July 5, 1946  
12 (commonly referred to as the ‘Trademark Act of 1946’;  
13 15 U.S.C. 1113), shall be used for the processing of trade-  
14 mark registrations and for other services and materials  
15 relating to trademarks.

16       “(c) BORROWING AUTHORITY.—The United States  
17 Patent and Trademark Office is authorized to issue from  
18 time to time for purchase by the Secretary of the Treasury  
19 its debentures, bonds, notes, and other evidences of in-  
20 debtedness (hereafter in this subsection referred to as ‘ob-  
21 ligations’) to assist in financing its activities. Any borrow-  
22 ing under this subsection shall be repaid only from fees  
23 paid to the Office and surcharges appropriated by the  
24 Congress. Such obligations shall be redeemable at the op-  
25 tion of the Office before maturity in the manner stipulated

1 in such obligations and shall have such maturity as is de-  
2 termined by the Office with the approval of the Secretary  
3 of the Treasury. Each such obligation issued to the Treas-  
4 ury shall bear interest at a rate not less than the current  
5 yield on outstanding marketable obligations of the United  
6 States of comparable maturity during the month preced-  
7 ing the issuance of the obligation as determined by the  
8 Secretary of the Treasury. The Secretary of the Treasury  
9 shall purchase any obligations of the Office issued under  
10 this subsection and for such purpose the Secretary of the  
11 Treasury is authorized to use as a public-debt transaction  
12 the proceeds of any securities issued under chapter 31 of  
13 title 31, and the purposes for which securities may be is-  
14 sued under that chapter are extended to include such pur-  
15 pose. Payment under this subsection of the purchase price  
16 of such obligations of the United States Patent and Trade-  
17 mark Office shall be treated as public debt transactions  
18 of the United States.”.

19 **SEC. 122. AUDITS.**

20 Chapter 4 of part I of title 35, United States Code,  
21 is amended by adding at the end the following new section:

22 **“§ 43. Audits**

23 “(a) IN GENERAL.—Financial statements of the  
24 United States Patent and Trademark Office shall be pre-  
25 pared on an annual basis in accordance with generally ac-



1 cepted accounting principles. Such statements shall be au-  
2 dited by an independent certified public accountant chosen  
3 by the Commissioner. The audit shall be conducted in ac-  
4 cordance with standards that are consistent with generally  
5 accepted Government auditing standards and other stand-  
6 ards established by the Comptroller General, and with the  
7 generally accepted auditing standards of the private sec-  
8 tor, to the extent feasible. The Commissioner shall trans-  
9 mit to the Committees on the Judiciary of the House of  
10 Representatives and the Senate the results of each audit  
11 under this subsection.

12 “(b) REVIEW BY COMPTROLLER GENERAL.—The  
13 Comptroller General may review any audit of the financial  
14 statement of the Patent and Trademark Office that is con-  
15 ducted under subsection (a). The Comptroller General  
16 shall report to the Congress and the Office the results of  
17 any such review and shall include in such report appro-  
18 priate recommendations.

19 “(c) AUDIT BY COMPTROLLER GENERAL.—The  
20 Comptroller General may audit the financial statements  
21 of the Office and such audit shall be in lieu of the audit  
22 required by subsection (a). The Office shall reimburse the  
23 Comptroller General for the cost of any audit conducted  
24 under this subsection.

1       “(d) ACCESS TO OFFICE RECORDS.—All books, fi-  
2 nancial records, report files, memoranda, and other prop-  
3 erty that the Comptroller General deems necessary for the  
4 performance of any audit shall be made available to the  
5 Comptroller General.

6       “(e) APPLICABILITY IN LIEU OF TITLE 31 PROVI-  
7 SIONS.—This section applies to the Office in lieu of the  
8 provisions of section 9105 of title 31.”.

9   **SEC. 123. TRANSFERS.**

10       (a) TRANSFER OF FUNCTIONS.—Except as otherwise  
11 provided in this title, there are transferred to, and vested  
12 in, the United States Patent and Trademark Office all  
13 functions, powers, and duties vested by law in the Sec-  
14 retary of Commerce or the Department of Commerce or  
15 in the officers or components in the Department of Com-  
16 merce with respect to the authority to grant patents and  
17 register trademarks, and in the Patent and Trademark  
18 Office, as in effect on the day before the effective date  
19 of this title, and in the officers and components of such  
20 Office.

21       (b) TRANSFER OF FUNDS AND PROPERTY.—The  
22 Secretary of Commerce shall transfer to the United States  
23 Patent and Trademark Office, on the effective date of this  
24 title, so much of the assets, liabilities, contracts, property,  
25 records, and unexpended and unobligated balances of ap-

1 appropriations, authorizations, allocations, and other funds  
 2 employed, held, used, arising from, available to, or to be  
 3 made available to the Department of Commerce, including  
 4 funds set aside for accounts receivable which are related  
 5 to functions, powers, and duties which are vested in the  
 6 Patent and Trademark Office by this title.

## 7           **Subtitle B—Effective Date;** 8           **Technical Amendments**

### 9   **SEC. 131. EFFECTIVE DATE.**

10       This title and the amendments made by this title  
 11 shall take effect 4 months after the date of the enactment  
 12 of this Act.

### 13   **SEC. 132. TECHNICAL AND CONFORMING AMENDMENTS.**

#### 14       (a) AMENDMENTS TO TITLE 35.—

15           (1) The item relating to part I in the table of  
 16 parts for chapter 35, United States Code, is amend-  
 17 ed to read as follows:

**“I. United States Patent and Trademark Office ..... 1.”**

18           (2) The heading for part I of title 35, United  
 19 States Code, is amended to read as follows:

20           **“PART I—UNITED STATES PATENT AND**  
 21           **TRADEMARK OFFICE”.**

22           (3) The table of contents for part I of title 35,  
 23 United States Code, is amended by amending the  
 24 item relating to chapter 1 to read as follows:

**“1. Establishment, Officers and Employees, Functions ..... 1.”**

1           (4) The table of sections for chapter 1 of title  
 2           35, United States Code, is amended to read as fol-  
 3           lows:

4   **“CHAPTER 1—ESTABLISHMENT, OFFICERS**  
 5       **AND EMPLOYEES, FUNCTIONS**

“Sec.

- “1. Establishment.
- “2. Powers and duties.
- “3. Officers and employees.
- “4. Restrictions on officers and employees as to interest in patents.
- “5. Patent and Trademark Office Management Advisory Board.
- “6. Duties of Commissioner.
- “7. Board of Patent Appeals and Interferences.
- “8. Suits by and against the Office.
- “9. Library.
- “10. Classification of patents.
- “11. Certified copies of records.
- “12. Publications.
- “13. Exchange of copies of patents with foreign countries.
- “14. Copies of patents for public libraries.
- “15. Annual report to Congress.”.

6           (5) The table of contents for chapter 4 of part  
 7           I of title 35, United States Code, is amended by  
 8           adding at the end the following new item:

“43. Audits.”.

9           (b) OTHER PROVISIONS OF LAW.—

10           (1) Section 9101(3) of title 31, United States  
 11           Code, is amended by adding at the end the follow-  
 12           ing:

13                   “(O) the United States Patent and Trade-  
 14                   mark Office.”.

15           (2) Section 500(e) of title 5, United States  
 16           Code, is amended by striking “Patent Office” and

1 inserting “United States Patent and Trademark Of-  
2 fice”.

3 (3) Section 5102(c)(23) of title 5, United  
4 States Code, is amended by striking “Patent and  
5 Trademark Office, Department of Commerce” and  
6 inserting “United States Patent and Trademark Of-  
7 fice”.

8 (4) Section 5316 of title 5, United States Code  
9 (5 U.S.C. 5316) is amended by striking “Commis-  
10 sioner of Patents, Department of Commerce.”,  
11 “Deputy Commissioner of Patents and Trade-  
12 marks.”, “Assistant Commissioner for Patents.”,  
13 and “Assistant Commissioner for Trademarks.”.

14 (5) Section 12 of the Act of February 14, 1903  
15 (15 U.S.C. 1511) is amended by striking “(d) Pat-  
16 ent and Trademark Office;” and redesignating sub-  
17 sections (a) through (g) as paragraphs (1) through  
18 (6), respectively.

19 (6) The Act of April 12, 1892 (27 Stat. 395;  
20 20 U.S.C. 91) is amended by striking “Patent Of-  
21 fice” and inserting “United States Patent and  
22 Trademark Office”.

23 (7) Sections 505(m) and 512(o) of the Federal  
24 Food, Drug, and Cosmetic Act (21 U.S.C. 355(m)  
25 and 360b(o)) are each amended by striking “Patent

1 and Trademark Office of the Department of Com-  
2 merce” and inserting “United States Patent and  
3 Trademark Office”.

4 (8) Section 105(e) of the Federal Alcohol Ad-  
5 ministration Act (27 U.S.C. 205(e)) is amended by  
6 striking “United States Patent Office” and inserting  
7 “United States Patent and Trademark Office”.

8 (9) Section 1744 of title 28, United States  
9 Code is amended—

10 (A) by striking “Patent Office” each place  
11 it appears and inserting “United States Patent  
12 and Trademark Office”; and

13 (B) by striking “Commissioner of Patents”  
14 and inserting “Commissioner of Patents and  
15 Trademarks”.

16 (10) Section 1745 of title 28, United States  
17 Code, is amended by striking “United States Patent  
18 Office” and inserting “United States Patent and  
19 Trademark Office”.

20 (11) Section 1928 of title 28, United States  
21 Code, is amended by striking “Patent Office” and  
22 inserting “United States Patent and Trademark Of-  
23 fice”.

24 (12) Section 160 of the Atomic Energy Act of  
25 1954 (42 U.S.C. 2190) is amended—

1 (A) by striking “United States Patent Of-  
2 fice” and inserting “United States Patent and  
3 Trademark Office”; and

4 (B) by striking “Commissioner of Patents”  
5 and inserting “Commissioner of Patents and  
6 Trademarks”.

7 (13) Section 305(c) of the National Aeronautics  
8 and Space Act of 1958 (42 U.S.C. 2457(c)) is  
9 amended by striking “Commissioner of Patents” and  
10 inserting “Commissioner of Patents and Trade-  
11 marks”.

12 (14) Section 12(a) of the Solar Heating and  
13 Cooling Demonstration Act of 1974 (42 U.S.C.  
14 5510(a)) is amended by striking “Commissioner of  
15 the Patent Office” and inserting “Commissioner of  
16 Patents and Trademarks”.

17 (15) Section 1111 of title 44, United States  
18 Code, is amended by striking “the Commissioner of  
19 Patents,”.

20 (16) Section 1114 of title 44, United States  
21 Code, is amended by striking “the Commissioner of  
22 Patents,”.

23 (17) Section 1123 of title 44, United States  
24 Code, is amended by striking “the Patent Office,”.

1           (18) Sections 1337 and 1338 of title 44, United  
 2           States Code, and the items relating to those sections  
 3           in the table of contents for chapter 13 of such title,  
 4           are repealed.

5           (19) Section 10(i) of the Trading With the  
 6           Enemy Act (50 U.S.C. App. 10(i)) is amended by  
 7           striking “Commissioner of Patents” and inserting  
 8           “Commissioner of Patents and Trademarks”.

9           (20) Section 8G(a)(2) of the Inspector General  
 10          Act of 1978 (5 U.S.C. App.) is amended by inserting  
 11          “the United States Patent and Trademark Office,”  
 12          after “the United States International Trade Com-  
 13          mission,”.

## 14                   **Subtitle C—Miscellaneous** 15                   **Provisions**

### 16   **SEC. 141. REFERENCES.**

17          Any reference in any other Federal law, Executive  
 18          order, rule, regulation, or delegation of authority, or any  
 19          document of or pertaining to a department or office from  
 20          which a function is transferred by this title—

21               (1) to the head of such department or office is  
 22          deemed to refer to the head of the department or of-  
 23          fice to which such function is transferred; or



1           (2) to such department or office is deemed to  
2       refer to the department or office to which such func-  
3       tion is transferred.

4   **SEC. 142. EXERCISE OF AUTHORITIES.**

5       Except as otherwise provided by law, a Federal offi-  
6   cial to whom a function is transferred by this title may,  
7   for purposes of performing the function, exercise all au-  
8   thorities under any other provision of law that were avail-  
9   able with respect to the performance of that function to  
10  the official responsible for the performance of the function  
11  immediately before the effective date of the transfer of the  
12  function under this title.

13 **SEC. 143. SAVINGS PROVISIONS.**

14       (a) **LEGAL DOCUMENTS.**—All orders, determinations,  
15  rules, regulations, permits, grants, loans, contracts, agree-  
16  ments, certificates, licenses, and privileges—

17           (1) that have been issued, made, granted, or al-  
18       lowed to become effective by the President, the Sec-  
19       retary of Commerce, any officer or employee of any  
20       office transferred by this title, or any other Govern-  
21       ment official, or by a court of competent jurisdic-  
22       tion, in the performance of any function that is  
23       transferred by this title, and

24           (2) that are in effect on the effective date of  
25       such transfer (or become effective after such date

1       pursuant to their terms as in effect on such effective  
2       date),  
3 shall continue in effect according to their terms until  
4 modified, terminated, superseded, set aside, or revoked in  
5 accordance with law by the President, any other author-  
6 ized official, a court of competent jurisdiction, or operation  
7 of law.

8       (b) PROCEEDINGS.—This title shall not affect any  
9 proceedings or any application for any benefits, service,  
10 license, permit, certificate, or financial assistance pending  
11 on the effective date of this title before an office trans-  
12 ferred by this title, but such proceedings and applications  
13 shall be continued. Orders shall be issued in such proceed-  
14 ings, appeals shall be taken therefrom, and payments shall  
15 be made pursuant to such orders, as if this title had not  
16 been enacted, and orders issued in any such proceeding  
17 shall continue in effect until modified, terminated, super-  
18 seded, or revoked by a duly authorized official, by a court  
19 of competent jurisdiction, or by operation of law. Nothing  
20 in this subsection shall be considered to prohibit the dis-  
21 continuance or modification of any such proceeding under  
22 the same terms and conditions and to the same extent that  
23 such proceeding could have been discontinued or modified  
24 if this title had not been enacted.

1       (c) SUITS.—This title shall not affect suits com-  
2 menced before the effective date of this title, and in all  
3 such suits, proceedings shall be had, appeals taken, and  
4 judgments rendered in the same manner and with the  
5 same effect as if this title had not been enacted.

6       (d) NONABATEMENT OF ACTIONS.—No suit, action,  
7 or other proceeding commenced by or against the Depart-  
8 ment of Commerce or the Secretary of Commerce, or by  
9 or against any individual in the official capacity of such  
10 individual as an officer or employee of an office trans-  
11 ferred by this title, shall abate by reason of the enactment  
12 of this title.

13       (e) CONTINUANCE OF SUITS.—If any Government of-  
14 ficer in the official capacity of such officer is party to a  
15 suit with respect to a function of the officer, and under  
16 this title such function is transferred to any other officer  
17 or office, then such suit shall be continued with the other  
18 officer or the head of such other office, as applicable, sub-  
19 stituted or added as a party.

20       (f) ADMINISTRATIVE PROCEDURE AND JUDICIAL RE-  
21 VIEW.—Except as otherwise provided by this title, any  
22 statutory requirements relating to notice, hearings, action  
23 upon the record, or administrative or judicial review that  
24 apply to any function transferred by this title shall apply  
25 to the exercise of such function by the head of the Federal

1 agency, and other officers of the agency, to which such  
2 function is transferred by this title.

3 **SEC. 144. TRANSFER OF ASSETS.**

4 Except as otherwise provided in this title, so much  
5 of the personnel, property, records, and unexpended bal-  
6 ances of appropriations, allocations, and other funds em-  
7 ployed, used, held, available, or to be made available in  
8 connection with a function transferred to an official or  
9 agency by this title shall be available to the official or the  
10 head of that agency, respectively, at such time or times  
11 as the Director of the Office of Management and Budget  
12 directs for use in connection with the functions trans-  
13 ferred.

14 **SEC. 145. DELEGATION AND ASSIGNMENT.**

15 Except as otherwise expressly prohibited by law or  
16 otherwise provided in this title, an official to whom func-  
17 tions are transferred under this title (including the head  
18 of any office to which functions are transferred under this  
19 title) may delegate any of the functions so transferred to  
20 such officers and employees of the office of the official as  
21 the official may designate, and may authorize successive  
22 redelegations of such functions as may be necessary or ap-  
23 propriate. No delegation of functions under this section  
24 or under any other provision of this title shall relieve the

1 official to whom a function is transferred under this title  
2 of responsibility for the administration of the function.

3 **SEC. 146. AUTHORITY OF DIRECTOR OF THE OFFICE OF**  
4 **MANAGEMENT AND BUDGET WITH RESPECT**  
5 **TO FUNCTIONS TRANSFERRED.**

6 (a) DETERMINATIONS.—If necessary, the Director of  
7 the Office of Management and Budget shall make any de-  
8 termination of the functions that are transferred under  
9 this title.

10 (b) INCIDENTAL TRANSFERS.—The Director of the  
11 Office of Management and Budget, at such time or times  
12 as the Director shall provide, may make such determina-  
13 tions as may be necessary with regard to the functions  
14 transferred by this title, and to make such additional inci-  
15 dental dispositions of personnel, assets, liabilities, grants,  
16 contracts, property, records, and unexpended balances of  
17 appropriations, authorizations, allocations, and other  
18 funds held, used, arising from, available to, or to be made  
19 available in connection with such functions, as may be nec-  
20 essary to carry out the provisions of this title. The Direc-  
21 tor shall provide for the termination of the affairs of all  
22 entities terminated by this title and for such further meas-  
23 ures and dispositions as may be necessary to effectuate  
24 the purposes of this title.

1 **SEC. 147. CERTAIN VESTING OF FUNCTIONS CONSIDERED**  
2 **TRANSFERS.**

3 For purposes of this title, the vesting of a function  
4 in a department or office pursuant to reestablishment of  
5 an office shall be considered to be the transfer of the func-  
6 tion.

7 **SEC. 148. AVAILABILITY OF EXISTING FUNDS.**

8 Existing appropriations and funds available for the  
9 performance of functions, programs, and activities termi-  
10 nated pursuant to this title shall remain available, for the  
11 duration of their period of availability, for necessary ex-  
12 penses in connection with the termination and resolution  
13 of such functions, programs, and activities.

14 **SEC. 149. DEFINITIONS.**

15 For purposes of this title—

16 (1) the term “function” includes any duty, obli-  
17 gation, power, authority, responsibility, right, privi-  
18 lege, activity, or program; and

19 (2) the term ‘office’ includes any office, admin-  
20 istration, agency, bureau, institute, council, unit, or-  
21 ganizational entity, or component thereof.

22 **TITLE II—EARLY PUBLICATION**  
23 **OF PATENT APPLICATIONS**

24 **SEC. 201. SHORT TITLE.**

25 This title may be cited as the “Patent Application  
26 Publication Act of 1996”.

1 **SEC. 202. EARLY PUBLICATION.**

2 Section 122 of title 35, United States Code, is  
3 amended to read as follows:

4 **“§ 122. Confidential status of applications; publica-**  
5 **tion of patent applications**

6 “(a) CONFIDENTIALITY.—Except as provided in sub-  
7 section (b), applications for patents shall be kept in con-  
8 fidence by the Patent and Trademark Office and no infor-  
9 mation concerning the same given without authority of the  
10 applicant or owner unless necessary to carry out the provi-  
11 sions of an Act of Congress or in such special cir-  
12 cumstances as may be determined by the Commissioner.

13 “(b) PUBLICATION.—

14 “(1) IN GENERAL.—(A) Subject to paragraph  
15 (2), each application for patent, except applications  
16 for design patents filed under chapter 16 of this title  
17 and provisional applications filed under section  
18 111(b) of this title, shall be published, in accordance  
19 with procedures determined by the Commissioner, as  
20 soon as possible after the expiration of a period of  
21 18 months from the earliest filing date for which a  
22 benefit is sought under this title. At the request of  
23 the applicant, an application may be published ear-  
24 lier than the end of such 18-month period.

1           “(B) No information concerning published pat-  
2           ent applications shall be made available to the public  
3           except as the Commissioner determines.

4           “(C) Notwithstanding any other provision of  
5           law, a determination by the Commissioner to release  
6           or not to release information concerning a published  
7           patent application shall be final and nonreviewable.

8           “(2) EXCEPTIONS.—(A) An application that is  
9           no longer pending shall not be published.

10          “(B) An application that is subject to a secrecy  
11          order pursuant to section 181 of this title shall not  
12          be published.

13          “(C)(i) Upon the request of the applicant at the  
14          time of filing, the application shall not be published  
15          in accordance with paragraph (1) until 3 months  
16          after the Commissioner makes a notification to the  
17          applicant under section 132 of this title.

18          “(ii) Applications filed pursuant to section 363  
19          of this title, applications asserting priority under  
20          section 119 or 365(a) of this title, and applications  
21          asserting the benefit of an earlier application under  
22          section 120, 121, or 365(c) of this title shall not be  
23          eligible for a request pursuant to this subparagraph.

24          “(iii) In a request under this subparagraph, the  
25          applicant shall certify that the invention disclosed in



1 the application was not and will not be the subject  
2 of an application filed in a foreign country.

3 “(iv) A request under this subparagraph shall  
4 only be available to an applicant who has been ac-  
5 corded the status of independent inventor under sec-  
6 tion 41(h) of this title.

7 “(v) The Commissioner may establish appro-  
8 priate procedures and fees for making a request  
9 under this subparagraph.

10 “(c) PRE-ISSUANCE OPPOSITION.—The provisions of  
11 this section shall not operate to create any new oppor-  
12 tunity for pre-issuance or pre-grant opposition. The Com-  
13 missioner may establish appropriate procedures to ensure  
14 that this section does not create any new opportunity for  
15 pre-issuance or pre-grant opposition that did not exist  
16 prior to the adoption of this section.”.

17 **SEC. 203. TIME FOR CLAIMING BENEFIT OF EARLIER FIL-**  
18 **ING DATE.**

19 (a) IN A FOREIGN COUNTRY.—Section 119(b) of title  
20 35, United States Code, is amended to read as follows:

21 “(b)(1)No application for patent shall be entitled to  
22 this right of priority unless a claim, identifying the foreign  
23 application by specifying its application number, country,  
24 and the day, month, and year of its filing, is filed in the  
25 Patent and Trademark Office at such time during the

1 pendency of the application as required by the Commis-  
2 sioner.

3 “(2) The Commissioner may consider the failure of  
4 the applicant to file a timely claim for priority as a waiver  
5 of any such claim, and may require the payment of a sur-  
6 charge as a condition of accepting an untimely claim dur-  
7 ing the pendency of the application.

8 “(3) The Commissioner may require a certified copy  
9 of the original foreign application, specification, and draw-  
10 ings upon which it is based, a translation if not in the  
11 English language, and such other information as the Com-  
12 missioner considers necessary. Any such certification shall  
13 be made by the patent office of the foreign country in  
14 which the foreign application was filed and show the date  
15 of the application and of the filing of the specification and  
16 other papers.”.

17 (b) IN THE UNITED STATES.—Section 120 of title  
18 35, United States Code, is amended by adding at the end  
19 the following: “The Commissioner may determine the time  
20 period during the pendency of the application within which  
21 an amendment containing the specific reference to the ear-  
22 lier filed application is submitted. The Commissioner may  
23 consider the failure to submit such an amendment within  
24 that time period as a waiver of any benefit under this sec-  
25 tion. The Commissioner may establish procedures, includ-

1 ing the payment of a surcharge, to accept unavoidably late  
2 submissions of amendments under this section.”.

3 **SEC. 204. PROVISIONAL RIGHTS.**

4 Section 154 of title 35, United States Code, is  
5 amended—

6 (1) in the section caption by inserting “; **pro-**  
7 **visional rights**” after “**patent**”; and

8 (2) by adding at the end the following new sub-  
9 section:

10 “(d) PROVISIONAL RIGHTS.—

11 “(1) IN GENERAL.—In addition to other rights  
12 provided by this section, a patent shall include the  
13 right to obtain a reasonable royalty from any person  
14 who, during the period beginning on the date of pub-  
15 lication of the application for such patent pursuant  
16 to section 122(b) of this title, or in the case of an  
17 international application designating the United  
18 States, the date of international publication of the  
19 application, and ending on the date the patent is is-  
20 sued—

21 “(A)(i) makes, uses, offers for sale, or sells  
22 in the United States the invention as claimed in  
23 the published patent application or imports  
24 such an invention into the United States; or

1           “(ii) if the invention as claimed in the pub-  
2           lished patent application is a process, uses, of-  
3           fers for sale, or sells in the United States or  
4           imports into the United States products made  
5           by that process as claimed in the published pat-  
6           ent application; and

7           “(B) had actual notice of the published  
8           patent application and where the right arising  
9           under this paragraph is based upon an inter-  
10          national application designating the United  
11          States that is published in a language other  
12          than English, a translation of the international  
13          application into the English language.

14          “(2) RIGHT BASED ON SUBSTANTIALLY IDEN-  
15          TICAL INVENTIONS.—The right under paragraph (1)  
16          to obtain a reasonable royalty shall not be available  
17          under this subsection unless the invention as claimed  
18          in the patent is substantially identical to the inven-  
19          tion as claimed in the published patent application.

20          “(3) TIME LIMITATION ON OBTAINING A REA-  
21          SONABLE ROYALTY.—The right under paragraph (1)  
22          to obtain a reasonable royalty shall be available only  
23          in an action brought not later than 6 years after the  
24          patent is issued. The right under paragraph (1) to  
25          obtain a reasonable royalty shall not be affected by

1 the duration of the period described in paragraph  
2 (1).

3 “(4) REQUIREMENTS FOR INTERNATIONAL AP-  
4 PPLICATIONS.—The right under paragraph (1) to ob-  
5 tain a reasonable royalty based upon the publication  
6 under the treaty of an international application des-  
7 ignating the United States shall commence from the  
8 date that the Patent and Trademark Office receives  
9 a copy of the publication under the treaty of the  
10 international application, or, if the publication under  
11 the treaty of the international application is in a lan-  
12 guage other than English, from the date that the  
13 Patent and Trademark Office receives a translation  
14 of the international application in the English lan-  
15 guage.”.

16 **SEC. 205. PRIOR ART EFFECT OF PUBLISHED APPLICA-**  
17 **TIONS.**

18 (a) DESCRIPTION.—Section 102(e) of title 35, United  
19 States Code, is amended to read as follows:

20 “(e) the invention was described in—

21 “(1)(A) an application for patent, published  
22 pursuant to section 122(b) of this title, by another  
23 filed in the United States before the invention by the  
24 applicant for patent, or

1           “(B) an international application designating  
2           the United States, published under the treaty, de-  
3           fined in section 351(a) of this title, by another who  
4           has fulfilled the requirements of paragraphs (1), (2),  
5           and (4) of section 371(c) of this title before the in-  
6           vention by applicant for patent, or

7           “(2) a patent granted on an application for pat-  
8           ent by another filed in the United States before the  
9           invention by the applicant for patent, or on an inter-  
10          national application by another who has fulfilled the  
11          requirements of paragraphs (1), (2), and (4) of sec-  
12          tion 371(c) of this title before the invention by the  
13          applicant for patent, or”.

14          (b) TREATY.—Section 102 of title 35, United States  
15          Code, is amended—

16                 (1) by redesignating subsections (c) through (g)  
17                 as (d) through (h), respectively; and

18                 (2) by inserting after subsection (b) the follow-  
19                 ing:

20                 “(c) an international application designating  
21                 the United States was published under the treaty,  
22                 defined in section 351(a) of this title, in the English  
23                 language by another before the invention by the ap-  
24                 plicant for patent, or”.

1 **SEC. 206. COST RECOVERY FOR PUBLICATION.**

2       The Commissioner shall recover the cost of early pub-  
3 lication required by the amendment made by section 202  
4 by adjusting the filing, issue, and maintenance fees under  
5 title 35, United States Code, by charging a separate publi-  
6 cation fee, or by any combination of these methods.

7 **SEC. 207. CONFORMING CHANGES.**

8       The following provisions of title 35, United States  
9 Code, are amended:

10           (1) Section 11 is amended in paragraph 1 of  
11 subsection (a) by inserting “and published applica-  
12 tions for patents” after “Patents”.

13           (2) Section 12 is amended—

14               (A) in the section caption by inserting  
15 **“and applications”** after **“patents”**; and

16               (B) by inserting “and published applica-  
17 tions for patents” after “patents”.

18           (3) Section 13 is amended—

19               (A) in the section caption by inserting  
20 “and applications” after “patents”; and

21               (B) by inserting “and published applica-  
22 tions for patents” after “patents”.

23           (4) The items relating to sections 12 and 13 in  
24 the table of sections for chapter 1 are each amended  
25 by inserting “and applications” after “patents”.

1           (5) The item relating to section 122 in the table  
2 of sections for chapter 11 is amended by inserting  
3 “; publication of patent applications” after “applica-  
4 tions”.

5           (6) The item relating to section 154 in the table  
6 of sections for chapter 14 is amended by inserting  
7 “; provisional rights” after “patent”.

8           (7) Section 181 is amended—

9               (A) in the first paragraph—

10                   (i) by inserting “by the publication of  
11 an application or” after “disclosure”; and

12                   (ii) “the publication of the application  
13 or” after “withhold”;

14               (B) in the second paragraph by inserting  
15 “by the publication of an application or” after  
16 “disclosure of an invention”;

17               (C) in the third paragraph—

18                   (i) by inserting “by the publication of  
19 the application or” after “disclosure of the  
20 invention”; and

21                   (ii) “the publication of the application  
22 or” after “withhold”; and

23               (D) in the fourth paragraph by inserting  
24 “the publication of an application or” after  
25 “and” in the first sentence.



1           (8) Section 252 is amended in the first undesig-  
 2           nated paragraph by inserting “substantially” before  
 3           “identical” each place it appears.

4           (9) Section 284 is amended by adding at the  
 5           end of the second paragraph the following: “In-  
 6           creased damages under this paragraph shall not  
 7           apply to provisional rights under section 154(d) of  
 8           this title.”.

9           (10) Section 374 is amended to read as follows:

10   **“§ 374. Publication of international application: Ef-**  
 11           **fect**

12           “The publication under the treaty, defined in section  
 13   351(a) of this title, of an international application des-  
 14   ignating the United States shall confer the same rights  
 15   and shall have the same effect under this title as an appli-  
 16   cation for patent published under section 122(b), except  
 17   as provided in section 102(e) of this title.”.

18   **SEC. 208. PATENT TERM EXTENSION AUTHORITY.**

19           Section 154(b) of title 35, United States Code, is  
 20   amended to read as follows:

21           “(b) TERM EXTENSION.—

22                   “(1) BASIS FOR PATENT TERM EXTENSION.—

23                           “(A) DELAY.— Subject to the limitations  
 24                   set forth in paragraph (2), if the issue of an  
 25                   original patent is delayed due to—

1 “(i) a proceeding under section 135(a)  
2 of this title,

3 “(ii) the imposition of an order pursu-  
4 ant to section 181 of this title,

5 “(iii) appellate review by the Board of  
6 Patent Appeals and Interferences or by a  
7 Federal court where the patent was issued  
8 pursuant to a decision in the review revers-  
9 ing an adverse determination of patentabil-  
10 ity, or

11 “(iv) an unusual administrative delay  
12 by the Patent and Trademark Office in is-  
13 suing the patent,

14 the term of the patent shall be extended  
15 for the period of delay.

16 “(B) ADMINISTRATIVE DELAY.—For pur-  
17 poses of subparagraph (A)(iv), an unusual ad-  
18 ministrative delay by the Patent and Trade-  
19 mark office is the failure to—

20 “(i) make a notification of the rejec-  
21 tion of any claim for a patent or any objec-  
22 tion or argument under section 132 of this  
23 title or give or mail a written notice of al-  
24 lowance under section 151 of this title not

1 later than 14 months after the date on  
2 which the application was filed;

3 “(ii) respond to a reply under section  
4 132 of this title or to an appeal taken  
5 under section 134 of this title not later  
6 than 4 months after the date on which the  
7 reply was filed or the appeal was taken;

8 “(iii) act on an application not later  
9 than 4 months after the date of a decision  
10 by the Board of Patent Appeals and Inter-  
11 ferences under section 134 or 135 of this  
12 title or a decision by a Federal court under  
13 section 141, 145, or 146 of this title where  
14 allowable claims remain in an application;  
15 or

16 “(iv) issue a patent not later than 4  
17 months after the date on which the issue  
18 fee was paid under section 151 of this title  
19 and all outstanding requirements were sat-  
20 isfied.

21 “(2) LIMITATIONS.—(A) The total duration of  
22 any extensions granted pursuant to either subclause  
23 (iii) or (iv) of paragraph (1)(A) or both such sub-  
24 clauses shall not exceed 10 years. To the extent that  
25 periods of delay attributable to grounds specified in

1 paragraph (1) overlap, the period of any extension  
2 granted under this subsection shall not exceed the  
3 actual number of days the issuance of the patent  
4 was delayed.

5 “(B) The period of extension of the term of a  
6 patent under this subsection shall be reduced by a  
7 period equal to the time in which the applicant failed  
8 to engage in reasonable efforts to conclude prosecu-  
9 tion of the application. The Commissioner shall pre-  
10 scribe regulations establishing the circumstances  
11 that constitute a failure of an applicant to engage in  
12 reasonable efforts to conclude processing or exam-  
13 ination of an application.

14 “(C) No patent whose term has been disclaimed  
15 beyond a specified date may be extended under this  
16 section beyond the expiration date specified in the  
17 disclaimer.

18 “(3) PROCEDURES.—The Commissioner shall  
19 prescribe regulations establishing procedures for the  
20 notification of patent term extensions under this  
21 subsection and procedures for contesting patent  
22 term extensions under this subsection.”.

1 **SEC. 209. EXAMINING PROCEDURE IMPROVEMENTS; FUR-**  
2 **THER LIMITED REEXAMINATION OF PATENT**  
3 **APPLICATIONS.**

4       The Commissioner shall prescribe regulations to pro-  
5 vide for the further limited reexamination of an applica-  
6 tion for patent. The Commissioner may establish appro-  
7 priate fees for such further limited reexamination and  
8 shall be authorized to provide a 50 percent reduction on  
9 such fees for small entities that qualify for reduced fees  
10 under section 41(h)(1).

11 **SEC. 210. LAST DAY OF PENDENCY OF PROVISIONAL APPLI-**  
12 **CATION.**

13       Section 119(e) of title 35, United States Code, is  
14 amended by adding at the end the following:

15       “(3) If the day that is 12 months after the filing date  
16 of a provisional application falls on a Saturday, Sunday,  
17 or legal holiday as defined in rule 6(a) of the Federal  
18 Rules of Civil Procedure, the period of pendency of the  
19 provisional application shall be extended to the next suc-  
20 ceeding business day.”.

21 **SEC. 211. REPORTING REQUIREMENT.**

22       The Commissioner shall report to Congress not later  
23 than April 1, 2000, and each subsequent April 1 there-  
24 after regarding the impact of publication on the applica-  
25 tions filed by an applicant who has been accorded the sta-  
26 tus of independent inventor under section 41(h) of this

1 title. The report shall include information concerning the  
2 frequency and number of initial and continuing patent ap-  
3 plications, pendency, interferences, reexaminations, rejec-  
4 tion, abandonment rates, fees, other expenses, and such  
5 other relevant information related to the prosecution of  
6 patent applications.

7 **SEC. 212. EFFECTIVE DATE.**

8 (a) SECTIONS 202 THROUGH 207.—Sections 202  
9 through 207, and the amendments made by such sections,  
10 shall take effect on April 1, 1997, and shall apply to all  
11 applications filed under section 111 of title 35, United  
12 States Code, on or after that date, and all applications  
13 complying with section 371 of title 35, United States  
14 Code, that resulted from international applications filed  
15 on or after that date. The amendment made by section  
16 204 shall also apply to international applications designat-  
17 ing the United States that are filed on or after April 1,  
18 1997.

19 (b) SECTIONS 208 THROUGH 210.—The amend-  
20 ments made by sections 208 through 210 shall take effect  
21 on the date of the enactment of this Act and, except for  
22 a design patent application filed under chapter 16 of title  
23 35, United States Code, shall apply to any application  
24 filed on or after June 8, 1995, .

1       **TITLE III—PRIOR DOMESTIC**  
2                   **COMMERCIAL USE**

3   **SEC. 301. SHORT TITLE.**

4       This title may be cited as the “Prior Domestic Com-  
5   mercial Use Act of 1996”.

6   **SEC. 302. DEFENSE TO PATENT INFRINGEMENT BASED ON**  
7                   **PRIOR DOMESTIC COMMERCIAL USE.**

8       (a) DEFENSE.—Chapter 28 of title 35, United States  
9   Code, is amended by adding at the end the following new  
10   section:

11   **“§ 273. Prior domestic commercial use; defense to in-**  
12                   **fringement**

13       “(a) DEFINITIONS.—For purposes of this section—

14               “(1) the terms ‘commercially used’, ‘commer-  
15       cially use’, and ‘commercial use’ mean the use in the  
16       United States in commerce or the use in the design,  
17       testing, or production in the United States of a  
18       product or service which is used in commerce,  
19       whether or not the subject matter at issue is acces-  
20       sible to or otherwise known to the public;

21               “(2) the terms ‘used in commerce’, and ‘use in  
22       commerce’ mean that there has been an actual sale  
23       or other commercial transfer of the subject matter  
24       at issue or that there has been an actual sale or  
25       other commercial transfer of a product or service re-

1 sulting from the use of the subject matter at issue;  
2 and

3 “(3) the ‘effective filing date’ of a patent is the  
4 earlier of the actual filing date of the application for  
5 the patent or the filing date of any earlier United  
6 States, foreign, or international application to which  
7 the subject matter at issue is entitled under section  
8 119, 120, or 365 of this title.

9 “(b) DEFENSE TO INFRINGEMENT.—(1) A person  
10 shall not be liable as an infringer under section 271 of  
11 this title with respect to any subject matter that would  
12 otherwise infringe one or more claims in the patent being  
13 asserted against such person, if such person had, acting  
14 in good faith, commercially used the subject matter before  
15 the effective filing date of such patent.

16 “(2) The sale or other disposition of the subject mat-  
17 ter of a patent by a person entitled to assert a defense  
18 under this section with respect to that subject matter shall  
19 exhaust the patent owner’s rights under the patent to the  
20 extent such rights would have been exhausted had such  
21 sale or other disposition been made by the patent owner.

22 “(c) LIMITATIONS AND QUALIFICATIONS OF DE-  
23 FENSE.—The defense to infringement under this section  
24 is subject to the following:



1           “(1) DERIVATION.—A person may not assert  
2           the defense under this section if the subject matter  
3           on which the defense is based was derived from the  
4           patentee or persons in privity with the patentee.

5           “(2) NOT A GENERAL LICENSE.—The defense  
6           asserted by a person under this section is not a gen-  
7           eral license under all claims of the patent at issue,  
8           but extends only to the subject matter claimed in the  
9           patent with respect to which the person can assert  
10          a defense under this chapter, except that the defense  
11          shall also extend to variations in the quantity or vol-  
12          ume of use of the claimed subject matter, and to im-  
13          provements in the claimed subject matter that do  
14          not infringe additional specifically claimed subject  
15          matter of the patent.

16          “(3) EFFECTIVE AND SERIOUS PREPARA-  
17          TION.—With respect to subject matter that cannot  
18          be commercialized without a significant investment  
19          of time, money, and effort, a person shall be deemed  
20          to have commercially used the subject matter if—

21                 “(A) before the effective filing date of the  
22                 patent, the person reduced the subject matter  
23                 to practice in the United States, completed a  
24                 significant portion of the total investment nec-  
25                 essary to commercially use the subject matter,

1           and made a commercial transaction in the Unit-  
2           ed States in connection with the preparation to  
3           use the subject matter, and

4           “(B) thereafter the person diligently com-  
5           pleted the remainder of the activities and in-  
6           vestments necessary to commercially use the  
7           subject matter, and promptly began commercial  
8           use of the subject matter, even if such activities  
9           were conducted after the effective filing date of  
10          the patent.

11          “(4) BURDEN OF PROOF.—A person asserting  
12          the defense under this section shall have the burden  
13          of establishing the defense.

14          “(5) ABANDONMENT OF USE.—A person who  
15          has abandoned commercial use of subject matter  
16          may not rely on activities performed before the date  
17          of such abandonment in establishing a defense under  
18          subsection (b) with respect to actions taken after the  
19          date of such abandonment.

20          “(6) PERSONAL DEFENSE.—The defense under  
21          this section may only be asserted by the person who  
22          performed the acts necessary to establish the defense  
23          and, except for any transfer to the patent owner, the  
24          right to assert the defense shall not be licensed or  
25          assigned or transferred to another person except in

1 connection with the good faith assignment or trans-  
2 fer of the entire enterprise or line of business to  
3 which the defense relates.

4 “(7) ONE-YEAR LIMITATION.—A person may  
5 not assert a defense under this section unless the  
6 subject matter on which the defense is based had  
7 been commercially used or reduced to practice more  
8 than one year prior to the effective filing date of the  
9 patent by the person asserting the defense or some-  
10 one in privity with that person.

11 “(d) UNSUCCESSFUL ASSERTION OF DEFENSE.—If  
12 the defense under this section is pleaded by a person who  
13 is found to infringe the patent and who subsequently fails  
14 to demonstrate a reasonable basis for asserting the de-  
15 fense, the court shall find the case exceptional for the pur-  
16 pose of awarding attorney’s fees under section 285 of this  
17 title.

18 “(e) INVALIDITY.—A patent shall not be deemed to  
19 be invalid under section 102 or 103 of this title solely be-  
20 cause a defense is established under this section.”.

21 (b) CONFORMING AMENDMENT.—The table of sec-  
22 tions at the beginning of chapter 28 of title 35, United  
23 States Code, is amended by adding at the end the follow-  
24 ing new item:

“Sec. 273. Prior domestic commercial use; defense to infringement.”.

1 **SEC. 303. EFFECTIVE DATE AND APPLICABILITY.**

2       This title and the amendments made by this title  
3 shall take effect on the date of the enactment of this Act,  
4 but shall not apply to any action for infringement that  
5 is pending on such date of enactment or with respect to  
6 any subject matter for which an adjudication of infringe-  
7 ment, including a consent judgment, has been made before  
8 such date of enactment.

9                   **TITLE IV—INVENTOR**  
10                   **PROTECTION**

11 **SEC. 401. SHORT TITLE.**

12       This title may be cited as the “Inventor Protection  
13 Act of 1996”.

14 **SEC. 402. INVENTION DEVELOPMENT SERVICES.**

15       Part I of title 35, United States Code, is amended  
16 by adding after chapter 4 the following new chapter:

17 **“CHAPTER 5—INVENTION DEVELOPMENT**  
18 **SERVICES**

“Sec.

“51. Definitions.

“52. Contracting requirements.

“53. Standard provisions for cover notice.

“54. Reports to customer required.

“55. Mandatory contract terms.

“56. Remedies.

“57. Records of complaints.

“58. Fraudulent representation by an invention developer.

“59. Rule of construction.

19 **“§ 51. Definitions**

20       “For purposes of this chapter—

1           “(1) the term ‘contract for invention develop-  
2           ment services’ means a contract by which an inven-  
3           tion developer undertakes invention development  
4           services for a customer;

5           “(2) the term ‘customer’ means any person,  
6           firm, partnership, corporation, or other entity who is  
7           solicited by, seeks the services of, or enters into a  
8           contract with an invention promoter for invention  
9           promotion services;

10          “(3) the term ‘invention promoter’ means any  
11          person, firm, partnership, corporation, or other en-  
12          tity who offers to perform or performs for, or on be-  
13          half of, a customer any act described under para-  
14          graph (4), but does not include—

15               “(A) any department or agency of the Fed-  
16               eral, State, or local government;

17               “(B) any nonprofit, charitable, scientific,  
18               or educational organization, qualified under ap-  
19               plicable State law or described under section  
20               170(b)(1)(A) of the Internal Revenue Code of  
21               1986; or

22               “(C) any person duly registered and in  
23               good standing before the Patent and Trade-  
24               mark Office acting within the scope of that per-

1 son's registration to practice before the Patent  
2 and Trademark Office; and

3 “(4) the term ‘invention development services’  
4 means, with respect to an invention by a customer,  
5 any act involved in—

6 “(A) evaluating the invention to determine  
7 its protectability as some form of intellectual  
8 property, other than evaluation by a person li-  
9 censed by a State to practice law who is acting  
10 solely within the scope of that person's profes-  
11 sional license;

12 “(B) evaluating the invention to determine  
13 its commercial potential by any person for pur-  
14 poses other than providing venture capital; or

15 “(C) marketing, brokering, licensing, sell-  
16 ing, or promoting the invention or a product or  
17 service in which the invention is incorporated or  
18 used. The mere display of an invention at a  
19 trade show or exhibit is not considered an in-  
20 vention promotion service.

21 **“§ 52. Contracting requirements**

22 “(a) IN GENERAL.—(1) Every contract for invention  
23 development services shall be in writing and shall be sub-  
24 ject to the provisions of this chapter. A copy of the signed

1 written contract shall be given to the customer at the time  
2 the customer enters into the contract.

3 “(2) If a contract is entered into for the benefit of  
4 a third party, such party shall be considered a customer  
5 for the purposes of this chapter.

6 “(b) REQUIREMENTS OF INVENTION DEVELOPER.—  
7 The invention developer shall—

8 “(1) state in a written document, at the time  
9 a customer enters into a contract for invention de-  
10 velopment services, whether the usual business prac-  
11 tice of the invention developer is to—

12 “(A) seek more than 1 contract in connec-  
13 tion with an invention; or

14 “(B) seek to perform services in connection  
15 with an invention in 1 or more phases, with the  
16 performance of each phase covered in 1 or more  
17 subsequent contracts; and

18 “(2) supply to the customer a copy of the writ-  
19 ten document together with a written summary of  
20 the usual business practices of the invention devel-  
21 oper, including—

22 “(A) the usual business terms of contracts;  
23 and

24 “(B) the approximate amount of the usual  
25 fees or other consideration that may be required

1 from the customer for each of the services pro-  
2 vided by the developer.

3 “(c) RIGHT OF CUSTOMER TO CANCEL CONTRACT.—

4 (1) Notwithstanding any contractual provision to the con-  
5 trary, a customer shall have the right to terminate a con-  
6 tract for invention development services by sending a writ-  
7 ten letter to the invention developer stating the customer’s  
8 intent to cancel the contract. The letter of termination  
9 must be deposited with the United States Postal Service  
10 on or before 5 business days after the date upon which  
11 the customer or the invention developer executes the con-  
12 tract, whichever is later.

13 “(2) Delivery of a promissory note, check, bill of ex-  
14 change, or negotiable instrument of any kind to the inven-  
15 tion developer or to a third party for the benefit of the  
16 invention developer, without regard to the date or dates  
17 appearing in such instrument, shall be deemed payment  
18 received by the invention developer on the date received  
19 for the purpose of this section.

20 **“§ 53. Standard provisions for cover notice**

21 “(a) CONTENTS.—Every contract for invention devel-  
22 opment services shall have a conspicuous and legible cover  
23 sheet attached with the following notice imprinted in bold-  
24 face type of not less than 12-point size:



1           “‘YOU HAVE THE RIGHT TO TERMI-  
2       NATE THIS CONTRACT. TO TERMINATE  
3       THIS CONTRACT, YOU MUST SEND A WRIT-  
4       TEN LETTER TO THE COMPANY STATING  
5       YOUR INTENT TO CANCEL THIS CONTRACT.  
6       THE LETTER OF TERMINATION MUST BE  
7       DEPOSITED WITH THE UNITED STATES  
8       POSTAL SERVICE ON OR BEFORE FIVE (5)  
9       BUSINESS DAYS AFTER THE DATE ON  
10      WHICH YOU OR THE COMPANY EXECUTE  
11      THE CONTRACT, WHICHEVER IS LATER.

12           “‘THE TOTAL NUMBER OF INVENTIONS  
13      EVALUATED BY THE INVENTION DEVEL-  
14      OPER FOR COMMERCIAL POTENTIAL IN  
15      THE PAST FIVE (5) YEARS IS           . OF  
16      THAT NUMBER,           RECEIVED POSI-  
17      TIVE EVALUATIONS AND           RE-  
18      CEIVED NEGATIVE EVALUATIONS.

19           “‘IF YOU ASSIGN EVEN A PARTIAL IN-  
20      TEREST IN THE INVENTION TO THE IN-  
21      VENTION DEVELOPER, THE INVENTION DE-  
22      VELOPER MAY HAVE THE RIGHT TO SELL  
23      OR DISPOSE OF THE INVENTION WITHOUT  
24      YOUR CONSENT AND MAY NOT HAVE TO  
25      SHARE THE PROFITS WITH YOU.

1           “THE TOTAL NUMBER OF CUSTOMERS  
2       WHO HAVE CONTRACTED WITH THE IN-  
3       VENTION DEVELOPER IN THE PAST FIVE  
4       (5) YEARS IS           . THE TOTAL NUM-  
5       BER OF CUSTOMERS KNOWN BY THIS IN-  
6       VENTION DEVELOPER TO HAVE RECEIVED,  
7       BY VIRTUE OF THIS INVENTION DEVEL-  
8       OPER’S PERFORMANCE, AN AMOUNT OF  
9       MONEY IN EXCESS OF THE AMOUNT PAID  
10      BY THE CUSTOMER TO THIS INVENTION  
11      DEVELOPER IS           .

12          “THE OFFICERS OF THIS INVENTION  
13      DEVELOPER HAVE COLLECTIVELY OR INDI-  
14      VIDUALLY BEEN AFFILIATED IN THE LAST  
15      TEN (10) YEARS WITH THE FOLLOWING IN-  
16      VENTION   DEVELOPMENT   COMPANIES:  
17      (LIST THE NAMES AND ADDRESSES OF ALL  
18      PREVIOUS INVENTION DEVELOPMENT COM-  
19      PANIES WITH WHICH THE PRINCIPAL OFFI-  
20      CERS HAVE BEEN AFFILIATED AS OWNERS,  
21      AGENTS, OR EMPLOYEES). YOU ARE EN-  
22      COURAGED TO CHECK WITH THE UNITED  
23      STATES PATENT AND TRADEMARK OFFICE,  
24      THE FEDERAL TRADE COMMISSION, YOUR  
25      STATE ATTORNEY GENERAL’S OFFICE, AND

1 THE BETTER BUSINESS BUREAU FOR ANY  
2 COMPLAINTS FILED AGAINST ANY OF  
3 THESE COMPANIES.

4 “‘YOU ARE ENCOURAGED TO CONSULT  
5 WITH AN ATTORNEY OF YOUR OWN CHOOS-  
6 ING BEFORE SIGNING THIS CONTRACT. BY  
7 PROCEEDING WITHOUT THE ADVICE OF AN  
8 ATTORNEY REGISTERED TO PRACTICE BE-  
9 FORE THE PATENT AND TRADEMARK OF-  
10 FICE, YOU COULD LOSE ANY RIGHTS YOU  
11 MIGHT HAVE IN YOUR IDEA OR INVEN-  
12 TION.’.

13 “(b) OTHER REQUIREMENTS FOR COVER NOTICE.—  
14 The cover notice shall contain the items required under  
15 subsection (a) and the name, primary office address, and  
16 local office address of the invention developer, and may  
17 contain no other matter.

18 “(c) DISCLOSURE OF CERTAIN CUSTOMERS NOT RE-  
19 QUIRED.—The requirement in the notice set forth in sub-  
20 section (a) to include the ‘TOTAL NUMBER OF CUS-  
21 TOMERS WHO HAVE CONTRACTED WITH THE  
22 INVENTION DEVELOPER IN THE PAST FIVE (5)  
23 YEARS’ need not include information with respect to cus-  
24 tomers who have purchased trade show services, research,  
25 advertising, or other nonmarketing services from the in-

1 vention developer, nor with respect to customers who have  
2 defaulted in their payments to the invention developer.

3 **“§ 54. Reports to customer required**

4 “With respect to every contract for invention develop-  
5 ment services, the invention developer shall deliver to the  
6 customer at the address specified in the contract, at least  
7 once every 3 months throughout the term of the contract,  
8 a written report that identifies the contract and includes—

9 “(1) a full, clear, and concise description of the  
10 services performed to the date of the report and of  
11 the services yet to be performed and names of all  
12 persons who it is known will perform the services;  
13 and

14 “(2) the name and address of each person,  
15 firm, or corporation, or other entity to whom the  
16 subject matter of the contract has been disclosed,  
17 the reason for each such disclosure, the nature of  
18 the disclosure, and copies of all responses received as  
19 a result of those disclosures.

20 **“§ 55. Mandatory contract terms**

21 “(a) Each contract for invention development services  
22 shall include in boldface type of not less than 12-point  
23 size—

1           “(1) the terms and conditions of payment and  
2           contract termination rights required under section  
3           52;

4           “(2) a statement that the customer may avoid  
5           entering into the contract by not making a payment  
6           to the invention developer;

7           “(3) a full, clear, and concise description of the  
8           specific acts or services that the invention developer  
9           undertakes to perform for the customer;

10          “(4) a statement as to whether the invention  
11          developer undertakes to construct, sell, or distribute  
12          one or more prototypes, models, or devices embody-  
13          ing the invention of the customer;

14          “(5) the full name and principal place of busi-  
15          ness of the invention developer and the name and  
16          principal place of business of any parent, subsidiary,  
17          agent, independent contractor, and any affiliated  
18          company or person who it is known will perform any  
19          of the services or acts that the invention developer  
20          undertakes to perform for the customer;

21          “(6) if any oral or written representation of es-  
22          timated or projected customer earnings is given by  
23          the invention developer (or any agent, employee, offi-  
24          cer, director, partner, or independent contractor of  
25          such invention developer) a statement of that esti-

1       mation or projection and a description of the data  
2       upon which such representation is based;

3           “(7) the name and address of the custodian of  
4       all records and correspondence relating to the con-  
5       tracted for invention development services, and a  
6       statement that the invention developer is required to  
7       maintain all records and correspondence relating to  
8       performance of the invention development services  
9       for such customer for a period of not less than 2  
10      years after expiration of the term of such contract;  
11      and

12           “(8) a statement setting forth a time schedule  
13      for performance of the invention development serv-  
14      ices, including an estimated date in which such per-  
15      formance is expected to be completed.

16      “(b) INVENTION DEVELOPER AS FIDUCIARY.—To  
17      the extent that the description of the specific acts or serv-  
18      ices affords discretion to the invention developer with re-  
19      spect to what specific acts or services shall be performed,  
20      the invention developer shall be deemed a fiduciary.

21      “(c) AVAILABILITY OF INFORMATION.—Records and  
22      correspondence described under subsection (a)(7) shall be  
23      made available after 7 days written notice to the customer  
24      or the representative of the customer to review and copy

1 at a reasonable cost on the invention developer's premises  
2 during normal business hours.

3 **“§ 56. Remedies**

4 “(a) IN GENERAL.—(1) Any contract for invention  
5 development services that does not comply with the appli-  
6 cable provisions of this chapter shall be voidable at the  
7 option of the customer.

8 “(2) Any contract for invention development services  
9 entered into in reliance upon any material false, fraudu-  
10 lent, or misleading information, representation, notice, or  
11 advertisement of the invention developer (or any agent,  
12 employee, officer, director, partner, or independent con-  
13 tractor of such invention developer) shall be voidable at  
14 the option of the customer.

15 “(3) Any waiver by the customer of any provision of  
16 this chapter shall be deemed contrary to public policy and  
17 shall be void and unenforceable.

18 “(4) Any contract for invention development services  
19 which provides for any act involved in filing for and ob-  
20 taining utility, design, or plant patent protection shall be  
21 voidable at the option of the customer unless the invention  
22 developer offers to perform or performs such act through  
23 a registered patent attorney or agent.

24 “(b) CIVIL ACTION.—(1) Any customer who is in-  
25 jured by a violation of this chapter by an invention devel-

1 oper or by any false or fraudulent statement, representa-  
2 tion, or omission of material fact by an invention developer  
3 (or any agent, employee, director, officer, partner, or inde-  
4 pendent contractor of such invention developer) or by fail-  
5 ure of an invention developer to make all the disclosures  
6 required under this chapter, may recover in a civil action  
7 against the invention developer (or the officers, directors,  
8 or partners of such invention developer) in addition to rea-  
9 sonable costs and attorneys' fees, the greater of—

10           “(A) \$5,000; or

11           “(B) the amount of actual damages sustained  
12       by the customer.

13       “(2) Notwithstanding paragraph (1), the court may  
14 increase damages not to exceed 3 times the amount award-  
15 ed.

16       “(c) REBUTTABLE PRESUMPTION OF INJURY.—For  
17 the purpose of this section, substantial violation of any  
18 provision of this chapter by an invention developer or exe-  
19 cution by the customer of a contract for invention develop-  
20 ment services in reliance on any false or fraudulent state-  
21 ments, representations, or material omissions shall estab-  
22 lish a rebuttable presumption of injury.

23 **“§ 57. Records of complaints**

24       “(a) RELEASE OF COMPLAINTS.—The Commissioner  
25 shall make all complaints received by the Patent and



1 Trademark Office involving invention developers publicly  
2 available, together with any response of the invention de-  
3 velopers.

4 “(b) REQUEST FOR COMPLAINTS.—The Commis-  
5 sioner may request complaints relating to invention devel-  
6 opment services from any Federal or State agency and in-  
7 clude such complaints in the records maintained under  
8 subsection (a) together with any response of the invention  
9 developers.

10 **“§ 58. Fraudulent representation by an invention de-**  
11 **veloper**

12 “Whoever, in providing invention development serv-  
13 ices, knowingly provides any false or misleading state-  
14 ment, representation, or omission of material fact to a cus-  
15 tomer or fails to make all the disclosures required under  
16 this chapter, shall be guilty of a misdemeanor and fined  
17 not more than \$10,000 for each offense.

18 **“§ 59. Rule of construction**

19 “Except as expressly provided in this chapter, no pro-  
20 vision of this chapter shall be construed to affect any obli-  
21 gation, right, or remedy provided under any other Federal  
22 or State law.”.

1 **SEC. 403. TECHNICAL AND CONFORMING AMENDMENT.**

2 The table of chapters for part I of title 35, United  
3 States Code, is amended by adding after the item relating  
4 to chapter 4 the following:

“5. **Invention development services** ..... **51”.**

5 **SEC. 404. EFFECTIVE DATE.**

6 This title and the amendments made by this title  
7 shall take effect 60 days after the date of the enactment  
8 of this Act.

9 **TITLE V—PATENT**  
10 **REEXAMINATION REFORM**

11 **SEC. 501. SHORT TITLE.**

12 This title may be cited as the “Patent Reexamination  
13 Reform Act of 1996”.

14 **SEC. 502. DEFINITIONS.**

15 Section 100 of title 35, United States Code, is  
16 amended by adding at the end the following new sub-  
17 section:

18 “(e) The term ‘third-party requester’ means a person  
19 requesting reexamination under section 302 of this title  
20 who is not the patent owner.”.

21 **SEC. 503. REEXAMINATION PROCEDURES.**

22 (a) **REQUEST FOR REEXAMINATION.**—Section 302 of  
23 title 35, United States Code, is amended to read as fol-  
24 lows:

1   **“§ 302. Request for reexamination**

2           “Any person at any time may file a request for reex-  
3   amination by the Office of a patent on the basis of any  
4   prior art cited under the provisions of section 301 of this  
5   title or on the basis of the requirements of section 112  
6   of this title except for the requirement to set forth the  
7   best mode of carrying out the invention. The request must  
8   be in writing, must include the identity of the real party  
9   in interest, and must be accompanied by payment of a re-  
10   examination fee established by the Commissioner of Pat-  
11   ents and Trademarks pursuant to the provisions of section  
12   41 of this title. The request must set forth the pertinency  
13   and manner of applying cited prior art to every claim for  
14   which reexamination is requested or the manner in which  
15   the patent specification or claims fail to comply with the  
16   requirements of section 112 of this title. Unless the re-  
17   questing person is the owner of the patent, the Commis-  
18   sioner promptly shall send a copy of the request to the  
19   owner of record of the patent.”.

20           (b) DETERMINATION OF ISSUE BY COMMISSIONER.—  
21   Section 303 of title 35, United States Code, is amended  
22   to read as follows:

23   **“§ 303. Determination of issue by Commissioner**

24           “(a) REEXAMINATION.—Not later than 3 months  
25   after the filing of a request for reexamination under the  
26   provisions of section 302 of this title, the Commissioner

1 shall determine whether a substantial new question of pat-  
2 entability affecting any claim of the patent concerned is  
3 raised by the request, with or without consideration of  
4 other patents or printed publications. On the Commis-  
5 sioner's initiative, and any time, the Commissioner may  
6 determine whether a substantial new question of patent-  
7 ability is raised by patents and publications or by the fail-  
8 ure of the patent specification or claims to comply with  
9 the requirements of section 112 of this title except for the  
10 best mode requirement described in section 302.

11       “(b) RECORD.—A record of the Commissioner's de-  
12 termination under subsection (a) shall be placed in the of-  
13 ficial file of the patent, and a copy shall be promptly given  
14 or mailed to the owner of record of the patent and to the  
15 third-party requester, if any.

16       “(c) FINAL DECISION.—A determination by the  
17 Commissioner pursuant to subsection (a) shall be final  
18 and nonappealable. Upon a determination that no sub-  
19 stantial new question of patentability has been raised, the  
20 Commissioner may refund a portion of the reexamination  
21 fee required under section 302 of this title.”.

22       (c) REEXAMINATION ORDER BY COMMISSIONER.—  
23 Section 304 of title 35, United States Code, is amended  
24 to read as follows:

1 **“§ 304. Reexamination order by Commissioner**

2 “If, in a determination made under the provisions of  
3 section 303(a) of this title, the Commissioner finds that  
4 a substantial new question of patentability affecting a  
5 claim of a patent is raised, the determination shall include  
6 an order for reexamination of the patent for resolution of  
7 the question. The order may be accompanied by the initial  
8 action of the Patent and Trademark Office on the merits  
9 of the reexamination conducted in accordance with section  
10 305 of this title.”.

11 (d) CONDUCT OF REEXAMINATION PROCEEDINGS.—  
12 Section 305 of title 35, United States Code, is amended  
13 to read as follows:

14 **“§ 305. Conduct of reexamination proceedings**

15 “(a) IN GENERAL.—Subject to subsection (b), reex-  
16 amination shall be conducted according to the procedures  
17 established for initial examination under the provisions of  
18 sections 132 and 133 of this title. In any reexamination  
19 proceeding under this chapter, the patent owner shall be  
20 permitted to propose any amendment to the patent and  
21 a new claim or claims, except that no proposed amended  
22 or new claim enlarging the scope of the claims of the pat-  
23 ent shall be permitted.

24 “(b) RESPONSE.—(1) This subsection shall apply to  
25 any reexamination proceeding in which the order for reex-

1 amination is based upon a request by a third-party re-  
 2 quester.

3 “(2) With the exception of the reexamination request,  
 4 any document filed by either the patent owner or the  
 5 third-party requester shall be served on the other party.

6 “(3) If the patent owner files a response to any Pat-  
 7 ent and Trademark Office action on the merits, the third-  
 8 party requester shall have 1 opportunity to file written  
 9 comments within a reasonable period not less than 1  
 10 month after the date of service of the patent owner’s re-  
 11 sponse. Written comments provided under this paragraph  
 12 shall be limited to issues covered by the Patent and Trade-  
 13 mark Office action or the patent owner’s response.

14 “(c) SPECIAL DISPATCH.—Unless otherwise provided  
 15 by the Commissioner for good cause, all reexamination  
 16 proceedings under this section, including any appeal to the  
 17 Board of Patent Appeals and Interferences, shall be con-  
 18 ducted with special dispatch within the Office.”.

19 (e) APPEAL.—Section 306 of title 35, United States  
 20 Code, is amended to read as follows:

21 **“§ 306. Appeal**

22 “(a) PATENT OWNER.—The patent owner involved in  
 23 a reexamination proceeding under this chapter—

24 “(1) may appeal under the provisions of section  
 25 134 of this title, and may appeal under the provi-

1       sions of sections 141 through 144 of this title, with  
2       respect to any decision adverse to the patentability  
3       of any original or proposed amended or new claim  
4       of the patent, and

5               “(2) may be a party to any appeal taken by a  
6       third-party requester pursuant to subsection (b) of  
7       this section.

8       “(b) THIRD-PARTY REQUESTER.—A third-party re-  
9       quester may—

10              “(1) appeal under the provisions of section 134  
11       of this title, and may appeal under the provisions of  
12       sections 141 through 144 of this title, with respect  
13       to any final decision favorable to the patentability of  
14       any original or proposed amended or new claim of  
15       the patent, or

16              “(2) be a party to any appeal taken by the pat-  
17       ent owner, subject to subsection (c) of this section.

18       “(c) PARTICIPATION AS PARTY.—(1) A third-party  
19       requester who, under the provisions of sections 141  
20       through 144 of this title, files a notice of appeal or who  
21       participates as a party to an appeal by the patent owner  
22       is estopped from asserting at a later time, in any forum,  
23       the invalidity of any claim determined to be patentable on  
24       appeal on any ground which the third-party requester

1 raised or could have raised during the reexamination pro-  
2 ceedings.

3 “(2) A third-party requester is deemed not to have  
4 participated as a party to an appeal by the patent owner  
5 unless, not later than 20 days after the patent owner has  
6 filed notice of appeal, the third-party requester files notice  
7 with the Commissioner electing to participate.”.

8 (f) REEXAMINATION PROHIBITED.—(1) Chapter 30  
9 of title 35, United States Code, is amended by adding at  
10 the end the following new section:

11 **“§ 308. Reexamination prohibited**

12 “(a) ORDER FOR REEXAMINATION.—Notwithstand-  
13 ing any provision of this chapter, once an order for reex-  
14 amination of a patent has been issued under section 304  
15 of this title, neither the patent owner nor the third-party  
16 requester, if any, nor privies of either, may file a subse-  
17 quent request for reexamination of the patent until a reex-  
18 amination certificate is issued and published under section  
19 307 of this title, unless authorized by the Commissioner.

20 “(b) FINAL DECISION.—Once a final decision has  
21 been entered against a party in a civil action arising in  
22 whole or in part under section 1338 of title 28 that the  
23 party has not sustained its burden of proving the invalidity  
24 of any patent claim in suit, then neither that party nor  
25 its privies may thereafter request reexamination of any



1 such patent claim on the basis of issues which that party  
 2 or its privies raised or could have raised in such civil ac-  
 3 tion, and a reexamination requested by that party or its  
 4 privies on the basis of such issues may not thereafter be  
 5 maintained by the Office, notwithstanding any other provi-  
 6 sion of this chapter.”.

7 (2) The table of sections for chapter 30 of title 35,  
 8 United States Code, is amended by adding at the end the  
 9 following:

“308. Reexamination prohibited.”.

10 **SEC. 504. CONFORMING AMENDMENTS.**

11 (a) BOARD OF PATENT APPEALS AND INTER-  
 12 FERENCES.—The first sentence of section 7(b) of title 35,  
 13 United States Code, is amended to read as follows: “The  
 14 Board of Patent Appeals and Interferences shall, on writ-  
 15 ten appeal of an applicant, or a patent owner or a third-  
 16 party requester in a reexamination proceeding, review ad-  
 17 verse decisions of examiners upon applications for patents  
 18 and decisions of examiners in reexamination proceedings,  
 19 and shall determine priority and patentability of invention  
 20 in interferences declared under section 135(a) of this  
 21 title.”.

22 (b) PATENT FEES; PATENT AND TRADEMARK  
 23 SEARCH SYSTEMS.—Section 41(a)(7) of title 35, United  
 24 States Code, is amended to read as follows:

12   **“§ 134. Appeal to the Board of Patent Appeals and**  
13                   **Interferences**

19           “(b) PATENT OWNER.—A patent owner in a reexam-  
20 ination proceeding may appeal from the final rejection of  
21 any claim by the primary examiner to the Board of Patent  
22 Appeals and Interferences, having once paid the fee for  
23 such appeal.

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1 from the final decision of the primary examiner favorable  
2 to the patentability of any original or proposed amended  
3 or new claim of a patent, having once paid the fee for  
4 such appeal.”.

5 (d) APPEAL TO COURT OF APPEALS FOR THE FED-  
6 ERAL CIRCUIT.—Section 141 of title 35, United States  
7 Code, is amended by amending the first sentence to read  
8 as follows: “An applicant, a patent owner, or a third-party  
9 requester, dissatisfied with the final decision in an appeal  
10 to the Board of Patent Appeals and Interferences under  
11 section 134 of this title, may appeal the decision to the  
12 United States Court of Appeals for the Federal Circuit.”.

13 (e) PROCEEDINGS ON APPEAL.—Section 143 of title  
14 35, United States Code, is amended by amending the third  
15 sentence to read as follows: “In ex parte and reexamina-  
16 tion cases, the Commissioner shall submit to the court in  
17 writing the grounds for the decision of the Patent and  
18 Trademark Office, addressing all the issues involved in the  
19 appeal.”.

20 (f) CIVIL ACTION TO OBTAIN PATENT.—Section 145  
21 of title 35, United States Code, is amended in the first  
22 sentence by inserting “(a)” after “section 134”.

23 **SEC. 505. EFFECTIVE DATE.**

24 This title and the amendments made by this title  
25 shall take effect on the date that is 6 months after the

1 date of the enactment of this Act and shall apply to all  
2 reexamination requests filed on or after such date.

3       **TITLE VI—MISCELLANEOUS**  
4       **PATENT PROVISIONS**

5       **SEC. 601. PROVISIONAL APPLICATIONS.**

6       (a) ABANDONMENT.—Section 111(b)(5) of title 35,  
7 United States Code, is amended to read as follows:

8               “(5) ABANDONMENT.—Notwithstanding the ab-  
9 sence of a claim, upon timely request and as pre-  
10 scribed by the Commissioner, a provisional applica-  
11 tion may be treated as an application filed under  
12 subsection (a). If no such request is made, the provi-  
13 sional application shall be regarded as abandoned 12  
14 months after the filing date of such application and  
15 shall not be subject to revival thereafter.”.

16       (b) EFFECTIVE DATE.—The amendments made by  
17 subsection (a) apply to a provisional application filed on  
18 or after June 8, 1995.

19       **SEC. 602. INTERNATIONAL APPLICATIONS.**

20       Section 119 of title 35, United States Code, is  
21 amended as follows:

22               (1) In subsection (a), insert “or in a foreign  
23 WTO member country” after “or to citizens of the  
24 United States,”.

1           (2) In subsection (b), delete “patent office of  
2           the foreign country” and insert “foreign intellectual  
3           property authority.”.

4           (3) At the end of section 119 add the following  
5           subsection:

6           “(f) Applications for plant breeder’s rights filed in  
7           a foreign WTO member country (or in a foreign UPOV  
8           Contracting Party) shall have the same effect for the pur-  
9           pose of the right of priority under this section as applica-  
10          tions for patents, subject to the same conditions and re-  
11          quirements of this section as apply to applications for pat-  
12          ents.”

13   **SEC. 603. PLANT PATENTS.**

14          (a) TUBER PROPAGATED PLANTS.—Section 161 of  
15          title 35, United States Code, is amended by striking “a  
16          tuber propagated plant or”.

17          (b) RIGHTS IN PLANT PATENTS.—The text of section  
18          163 of title 35, United States Code, is amended to read  
19          as follows: “In the case of a plant patent, the grant to  
20          the patentee, such patentee’s heirs or assigns, shall have  
21          the right to exclude others from asexually reproducing the  
22          plant, and from using, offering for sale, or selling the  
23          plant so reproduced, or any of its parts, throughout the  
24          United States, or from importing the plant so reproduced,  
25          or any parts thereof, into the United States.”.

1       (c) EFFECTIVE DATE.—The amendments by sub-  
2 section (a) shall apply on the date of enactment of this  
3 Act. The amendments made by subsection (b) shall apply  
4 to any plant patent issued on or after the date of enact-  
5 ment of this Act.

